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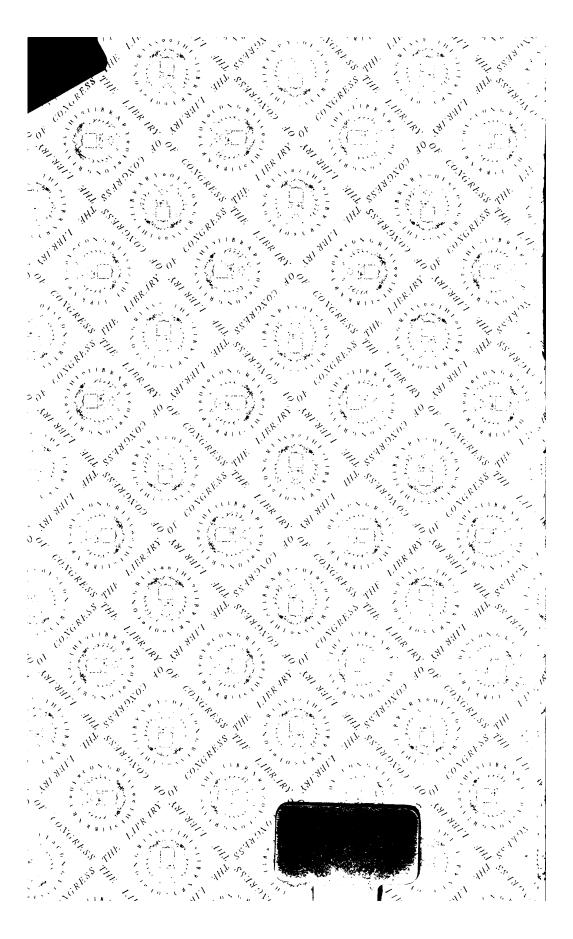
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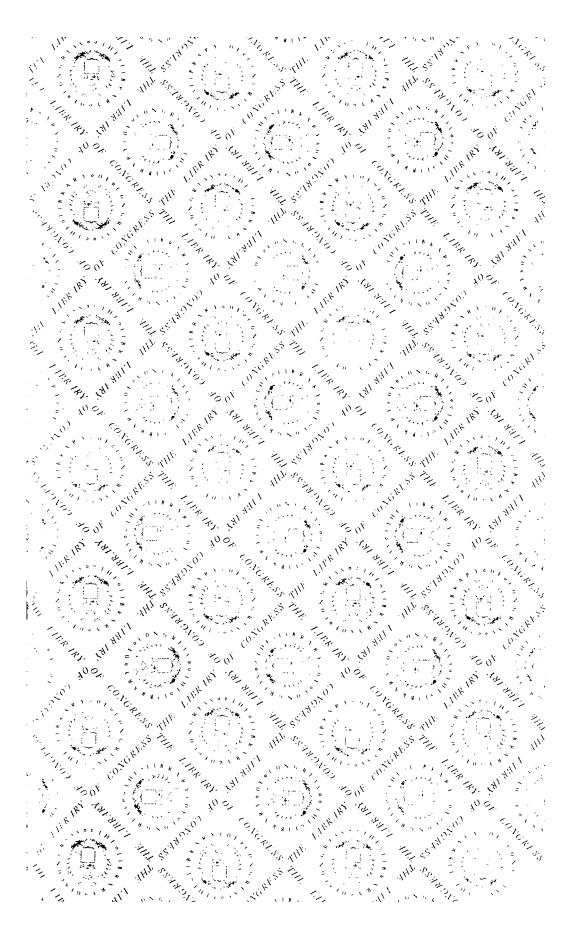
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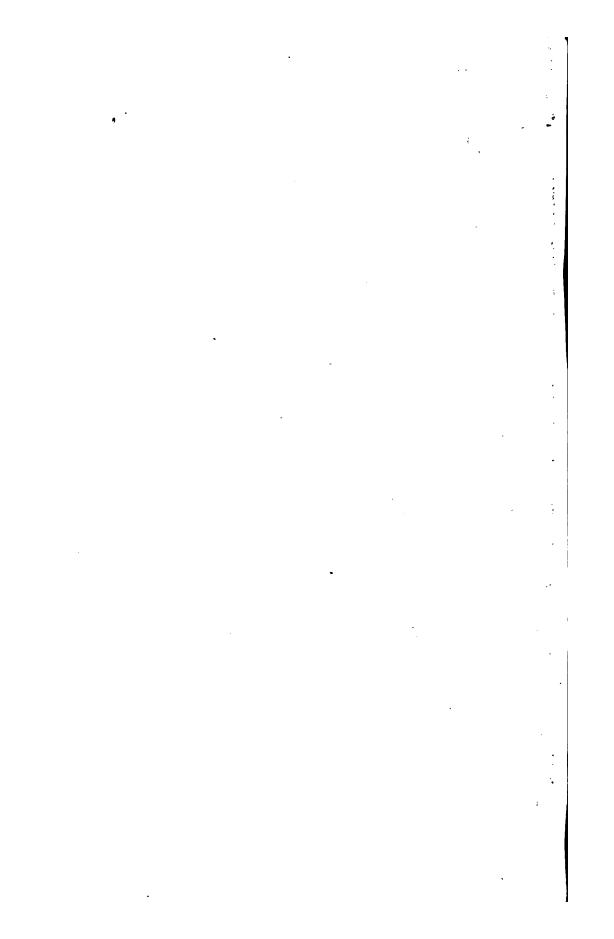
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OCT 3

SCHEDULE 7—AGRICULTURAL PRODUCTS AND PROVISIONS

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HEARING

BEFORE THE

COMMITTEE ON FINANCE UNITED STATES SENATE

SIXTY-SEVENTH CONGRESS FIRST SESSION

ON

H. R. 7456

AN ACT TO PROVIDE REVENUE, TO REGULATE COMMERCE WITH FOREIGN COUNTRIES, TO ENCOURAGE THE INDUSTRIES OF THE UNITED STATES, AND FOR OTHER PURPOSES

NOVEMBER 14, 1921

PART 35

Printed for the use of the Committee on Finance

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MONDAY, NOVEMBER 14, 1921.

United States Senate, COMMITTEE ON FINANCE, Washington, $D.\ C.$

The committee met, pursuant to adjournment, at 10.30 o'clock a. m., in room 312, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), Smoot, McLean, Curtis,

Watson, Sutherland, and Jones.

Present also: Senator Frank R. Gooding, of Idaho.

The CHAIRMAN. There are a number of witnesses invited to be here this morning, but they are not present, for some reason or other. Mr. Wiswall is here on his own account, and I told Senator Johnson that Mr. Wiswall might have a brief hearing.

LIVE STOCK.

TESTIMONY OF MR. CHARLES E. WISWALL, REPRESENTING THE CANANEA CATTLE CO., CANANEA, SONORA, MEXICO.

The CHAIRMAN. Where do you reside? Mr. Wiswall. Cananea, Sonora, Mexico.

The CHAIRMAN. What is your occupation? Mr. Wiswall. I am a cattle raiser.

The CHAIRMAN. How long do you want in which to address the committee?

Mr. Wiswall. I would like about a half hour, if I may.

The CHAIRMAN. Are you an American citizen?
Mr. Wiswall. Yes, sir; my family lives in California.

The CHAIRMAN. On what point do you want to speak?

Mr. Wiswall. I want to speak on the tariff on live cattle. The CHAIRMAN. And advocate a higher duty or lower duty?

Mr. Wiswall. I want to try to get a lower duty on some classes of cattle.

The CHAIRMAN. What State do you come from originally?

Mr. Wiswall. I am a native of Illinois; I vote in Arizona.

The CHAIRMAN. How long have you been residing in Mexico?

Mr. Wiswall. I have been residing there 20 years.
The CHAIRMAN. You run a large business there, do you?
Mr. Wiswall. Yes, sir.

The CHAIRMAN. Is it a corporation?

Mr. Wiswall. Yes, sir.

The CHAIRMAN. What is the name of the corporation?

Mr. Wiswall. Cananea Cattle Co.

The CHAIRMAN. You are the superintendent? Mr. WISWALL. I am the manager.

The Chairman. Do you own much of an interest in the company as well?

Mr. Wiswall. It belongs exclusively to my wife and her children, my stepchildren.

Senator Watson. Do you vote in the United States?

Mr. Wiswall. I vote in Arizona. That was my last residence in the United States.

Senator Smoot. How much land do you own in Mexico? Mr. Wiswall. We own 425,000 acres.

The CHAIRMAN. Do you live there all the year around?

Mr. Wiswall. Practically, Senator; I am there probably 75 per cent of the time.

Senator Smoot. How many head of cattle have you?

Mr. Wiswall. Thirty-five thousand.

Senator SMOOT. And where is your market?
Mr. Wiswall. All over the United States, principally in the Northwestern States; also in California to a large extent.

Senator Smoot. Feeders?

Mr. Wiswall. Feeders, practically exclusively.

The CHAIRMAN. Proceed.

Mr. Wiswall. I also represent, as vice president, the Association of American Cattlemen of Mexico. There are not very many of us left. Our association consists of about 25 men. We have lots of land and not very many cattle. The ownership represents, I believe. about 8,500,000 acres and only 95,000 head of cattle.

The CHAIRMAN. Do they own these lands outright or only grazing

privileges?

Mr. Wiswall. They own them ourtight, sir. But the lands naturally are capable of carrying many more cattle than they do at the present time. I have also told you who I represent personally.

We have been importing cattle into the United States for the last 20 years. You will recall that under the Dingley and Payne-Aldrich tariff laws cattle were dutiable, under one year of age at \$2 per head; cattle up to a valuation of \$14 per head paid \$3.75 per head and over a valuation of \$14 per head paid 27.5 per cent ad valorem. encountered two difficulties in the application of this law. In the first place there is absolutely no way in the world of telling when a calf is 12 months of age. A well-grown calf 11 months old is larger than a 13 months old calf which has not done well and you can see how that may lead to many questions.

The second difficulty was in applying the ad valorem rate of duty when cattle were valued at over \$14 per head. We had great difficulty in arriving ofttimes at the valuations with the customshouse officers. You can readily understand how one bunch of cattle will be thin in flesh, and have poor breeding, while another bunch of cattle of the same age will be of good quality and of good flesh, and there was no way arriving definitely at the value. We were entirely at the mercy of the customshouse appraisers, who often were not experienced cattle men. Our bills of sale were considered valueless, because very frequently unscrupulous cattle buyers would come in there and make out false bills of sale; and the result was it was necessarily unsatisfactory both to the importers and to the customs-house officers alike.

Therefore, we were very much relieved when cattle went on the free list in 1913. The importations of cattle while on the free list—that was a period of seven and one-half years, as you know—more than doubled. During the last seven and one-half years they have averaged about 500,000 head annually. Cattle importations from Mexico jumped to 625,000 head in the year 1914. That was the year after cattle went on the free list. This was not because cattle were allowed to come in duty free, but because of revolutionary conditions in Mexico, and everybody owning cattle there was trying

to get them out in that year.

The Canadian importations, which amounted to practically nothing up to the time cattle went on the free list, commenced to jump very rapidly, 28,000 being imported in 1913, and it increased to 550,000 in 1919. They were off again last year, however, to 316,000 head. As you know, the emergency tariff bill went into effect on the 28th day of May of this year. This bill had the effect of practically cutting off all importations from Mexico. The Canadian importations are off about 75 per cent. I talk now of the months from June to September of this year. I was not able to get any data regarding October.

To show you how Mexico importations have fallen off, there have been but three entries of cattle from Mexico since the emergency bill went into effect, one in June of 1,010 head, one in August of 34 head, and one in September of 327 head, a total of 1,371 head.

We made the importation of the 1,010 head in June, and I would like to give you the results of it. These were yearling steers. We received \$19 per head for these yearling steers on the cars at Hereford, Ariz. We paid \$3.50 per head export duty to the Mexican Government; we paid \$3.90 per head import duty to the American Government, a total of \$7.40 per head in duties, which left \$11.60 a head for the steers. This was exactly the same class of cattle which we sold 12 months previously at \$42.50 per head to Denver parties, and after paying \$3.50 to the Mexican Government it left us \$39 per head net for our cattle instead of \$11.60 this year.

Senator Smoot. You are no worse off than cattle raisers in America. Mr. Wiswall. I am not making any complaints; I am just telling facts; I am not telling any hard-luck story. You can readily appresists that me the story of the story of the story.

ciate that we can not raise yearlings for \$11.60.

Senator Simmons. What was the highest price you got for year-

lings any year?

Mr. Wiswall. \$42.50. We contracted sales in 1920 at \$45, but money conditions got very bad in the spring of 1920 and the party who contracted them fell down on the contract.

In 1911, which was the first year I was managing this outfit, and for the first sale of yearling steers I made we received \$20 for our yearlings. They increased in price from year to year; never went back until 1920, when the contract price was \$45, and they went back in one year from \$45 to \$19.

Senator Simmons. What were you getting for that same class of

yearlings before the war?

Mr. Wiswall. In 1914, for instance?

Senator Simmons. No; take 1912 and 1913.

Mr. Wiswall. I will tell you, Senator. In 1920 we got \$20, and they increased at just about the rate of \$2.50 a year. In 1914 they were stationary; it was a very bad year all over the country.

Senator Simmons. What did you get that year?

Mr. Wiswall. My recollection is that we got \$27.50.

Senator Simmons. In 1912 what did you get?

Mr. Wiswall. \$22.50.

Senator Simmons. And \$20 in 1911?

Mr. Wiswall. Yes, sir. As you know, the bill that you are now considering calls for a duty of 1 cent per pound on cattle under 2 years and 11 cents per pound on cattle over 2 years of age. request that we want to make is this: That you reduce the duty on the young cattle under 2 years of age.

Senator Smoot. To what? Mr. Wiswall. We would like to get them in free, if possible; any reduction will be welcome, of course.

Senator Simmons. How many cattle are there coming into this country from Mexico and Canada since 1911 and 1912?

Mr. Wiswall. How many came in?

Senator Simmons. From Mexico and Canada?

Mr. Wiswall. In 1911, Senator? In 1910 there were 5,000 from Canada. What there were from Mexico I can give you in just one moment. In 1911 there were 182,000 head of cattle imported into the United States.

Senator Simmons. How many from Mexico?

Senator Smoot. Nearly all of them.

Mr. Wiswall. Probably nearly all of them.

Senator Simmons. Five thousand from Canada?

Mr. Wiswall. In 1910; yes, sir.

Senator Smoot. In 1910, 1911, and 1912 Canada was shipping all of her stock, nearly, to Great Britain.

Senator Simmons. In 1911, you say, we got 5,000 from Canada,

and how many from Mexico?

Mr. Wiswall. About 182,000.

Senator Simmons. When normal conditions return, we will say, do you anticipate that exportations from Canada and from Mexico will be larger than they were before the war?

Mr. Wiswall. From Mexico it is an impossibility, because Mexico

is depleted of cattle.

Senator Simmons. That is what I want to get at.

Mr. Wiswall. Canada has more cattle than she had 10 years ago,

probably 50 per cent more.

Senator Simmons. Then, your opinion is that we need not anticipate a much larger importation of cattle from Mexico in the immediate future than we received just before the war?

Mr. Wiswall. It is impossible that we should receive them.

Senator Simmons. I want to ask you what effect, in your opinion, does the importation of 180,000 cattle from Mexico have upon the price of cattle in the United States, if any?

Mr. Wiswall. Senator, people would say that I am prejudiced,

because I am in business in Mexico.

Senator Simmons. I am asking your frank opinion and I will accept it as a frank and candid statement, if you will give it to me.

Mr. Wiswall. There are about 13,000,000 head of cattle marketed in the United States annually. What effect would 160,000 have on 13,000,000? I do not think it would be felt. But, as I say, people would say that I am prejudiced, and probably I am, because I am in business in Mexico.

I want to explain briefly, if I may, why we ask for one rate on cattle under 2 years and another upon cattle over 2 years. In the first place, 2 years of age is an age we can arrive at absolutely in a cow or steer. When a calf commences to shed its milk teeth, or first-growth teeth, it is about 22 months old; and when it gets to be 24 months old it has two large second-growth teeth in place in the middle of its lower jaw. So that by examination of an animal's mouth, which can be done in a moment, there is absolutley no question whether it is under or over 2 years of age. That is one important reason why there should be that division at the age of 2 years.

2 years.

The other is that practically all of the cattle which are imported into the United States which are under 2 years of age, with the exception of a very few which come in from eastern Canada, are stockers or feeders; that is, all the cattle from Mexico coming into the United States go to grass. Most of our cattle go to the northwest—Montana, Wyoming, and Colorado—where they are put on grass and fed out and marketed as grass fat cattle at the age of 4 years. That is not true of Canadian cattle, although I am not as

familiar with Canadian as I am with Mexican conditions.

Senator Simmons. Let me ask you another question. You say you sold your steers this year for \$11?

Mr. Wiswall. Yes, sir.

Senator Simmons. What did you have to pay for beef cattle, getting them ready for the market, to send them over here to be fed?

Mr. Wiswall. We sold them to people to be grazed by them.

Senator Simmons. Do not people sometimes send cattle to a range and pay for their feed?

Mr. Wiswall. Yes, sir; we have done that ourselves.

Senator Simmons. How much would be paid in the way of cost of

feed under such circumstances?

Mr. Wiswall. We ran 3,500 steers on the Rosebud Indian Reservation, in South Dakota, for three years. We paid 50 cents per head per month for the grazing. That was in 1918, 1919, and 1920. The price was very excessive.

Senator Simmons. How many months did you have them on the

grass?

Mr. Wiswall. About 30 months, or a little over 30 months.

Senator Simmons. Why did you have to keep them on the grass

that long?

Mr. Wiswall. We had to keep them until they were 4 years of age. An animal fed on grass does not mature until it is 4 years of age.

Senator Simmons. They were sent there when they were what age?

Mr. Wiswall. Yearlings, or 2-year-olds.

Senator Simmons. And you paid 50 cents a head?

Mr. Wiswall. That was a very small part of the expense. We had the wages of our men and the interest on the money, borrowed to carry them on, to pay.

(At this point Senator Curtis took the chair.)

Senator Simmons. I understood you to say that you paid 50 cents a month for grazing.

Mr. Wiswall. Yes, sir.

Senator SIMMONS. And there were how many months' grazing? Mr. Wiswall. We moved our cattle to Dakota in May, 1918, and sold them in November, 1920, 30 months.

Senator Simmons. Did you have any other expense connected

with the cattle after you sent them over here?

Mr. Wiswall. A great deal of expense. Senator Simmons. You had to look after them?

Mr. WISWALL. Yes, sir. Senator Simmons. That was just for the privilege of grazing and feeding?

Mr. Wiswall. Yes, sir.

Senator Simmons. You had to attend to the cattle?

Mr. Wiswall. Yes, sir.

Senator Simmons. So that the amount per head that was spent in this country after the cattle arrived here was about one-half of

what you got for them, was it not?

Mr. Wiswall. In this particular case, unfortunately, it proved to be more than we got for them. I was giving our reasons for asking that cattle under two years of age be put in one class and those over two years of age in another class, stating, as the principal reason, because we were definitely able to arrive at the age of two years and, next, because practically all cattle under two years of age which are brought into this country, with the exception of a very few which come in from eastern Canada, are stocker or feeder cattle, that is, our cattle go to the West and Northwest to be put on the grass and kept there from one to three years, the Canadian cattle, many of them, going direct to the feed lots. Of course, they are larger cattle than Mexican cattle and in almost all cases better bred cattle. I appreciate the fact that that is not reason enough for asking that the rate on young cattle be reduced. Our basic reason for making this request is because we believe that there is no overproduction in the United States to-day, and we also believe that there is no large number of cattle even in Mexico, or Canada which would be thrown on the market if young cattle were put on the free list. I fully appreciate the fact that many people will disagree with me—American cattlemen.

Senator Jones. What is it that makes you believe there is no overproduction of young cattle in the United States to-day?

Mr. Wiswall. I will give you my figures, in just a moment,

Senator Jones. All right.

Mr. Wiswall. I think you gentlemen who were here at the hearing Thursday will recall the three gentlemen—Mr. Cowan, of the American Cattle Raisers' Association, and Mr. Spiller, of the Texas-Southwestern Cattle Raisers' Association, and Mr. Mercer, from I do not recall who Mr. Mercer represented, but I think Mr. Mercer's remarks are typical of the remarks which I have heard in meetings of cattle growers' associations all over the country. Mr. Mercer made the statement before you, in asking for protection, that in two years, there would probably be, if present conditions continue, an actual scarcity of cattle in this country. Within a few minutes he made the statement that he thought at present the cattle industry in the United States was producing enough cattle to supply the wants of the country. When American cattlemen are seeking financial aid from the Federal Government, they usually give the impression that the industry is on its last legs. Here is a clipping which comes from the Los Angeles Herald, of October 2, which gives the impression that Eugene Meyer got on his trip through the country. This is dated Washington, October 1. [Reading:]

"A serious cattle shortage will confront the United States within a year unless livestock raisers stop the flood of immature cattle to the slaughter houses," Eugene Meyer, head of the War Finance Corporation, said to-day.

Meyer returned to-day from a tour of the cuttle-raising country in the West and

Middle West.

Here is an article showing the way the cattlemen talk who think there is no shortage of cattle or that the shortage is not serious. This is from the "Producer," the official publication of the American National Livestock Association. It is from page 7 of the October number, by D. A. Millett, of Denver, Colo.:

It is true that the western range country shows some depletion in cattle population; but when the fact is faced that, according to the 1920 census, the State of Iowa had about as many cattle of all classes on January 1, 1920, as the States of Montana, Wyoming, Nevada. Arizona, and New Mexico combined, the real importance of the so-called range States shrinks in comparison.

That statement was pretty well answered on page 11 of the same magazine. I will be very brief. [Reading:]

"The marketing of western cattle," by A. Sykes, president of the Corn Belt Meat Producers' Association.

. Mr. Sykes goes on to say that—

The only fairly complete figures as to live-stock shipments by States are those compiled by the Bureau of Markets for the year 1918. Eliminating the three Pacific States, these figures show that in that year some 353,000 cars of cattle and calves were loaded in the 14 States, out of a total for the entire country of 623,000 cars. The 1920 census figures show much the same thing.

So from that, it would look, after all, as if the range States in the country were a pretty important factor in the production of cattle. I think you have all seen, a great many times over, statements that the Northwestern States of the country are depleted of cattle; that is, the ranges of Wyoming, Montana, and Western South Dakota. When I came through Chicago last week I went out to the stockyards a short time to see if I could get some figures on the receipts of western range cattle at Chicago for this year compared with other years.

I also secured the figures from Omaha. Omaha and Chicago are the two principal markets for western range cattle. Of course, Sioux City and St. Joseph and St. Paul are also markets for western

cattle, but Chicago and Omaha are the principal markets.

The receipts this year for the first 10 months, to November 1 of this year, were 75 per cent of what they were last year, and were 38 per cent of what they were in 1919. It is only fair to say, that in 1919, on account of the drouth in the northwest, that there was a tremendous movement of cattle to Chicago and Omaha. While

receipts were 38 per cent of 1919, they were 47 per cent of 1918. But, at any rate, it all goes to show that there has been a tremendous reduction of cattle in the northwest.

Senator Watson. Statistics of imports into the United States numbered 294,207, mostly from Canada and England. Were they

feeders or beef cattle?

Mr. Wiswall. From what I have found out, Senator, in looking over the figures that are available—I was going to come to this later, but I will answer your question now—about 50 per cent of the cattle which have been coming from Canada for the last two years are beef cattle for immediate slaughter. At one time, I am told, when Canada commenced to import cattle into the United States, they were all beef cattle. But the high prices during the war and the tremendous demand for cattle caused Canadian cattlemen to jar loose of some of the younger stock, and the figures I got were these: Fifty per cent beef cattle, 25 per cent calves. Of course, it means calves for immediate slaughter, and I expect a great many were dairy calves; and 25 per cent stockers and feeders. Those were figures I got from Canadian sources.

From Mexico I can only give you—there is no classification—what we import ourselves, taking that as a basis. Our importations ave averaged for the last 10 years over 10,000 head of cattle annually; about 33½ per cent of these cattle were stockers under 2 years of age; and about 20 per cent were beef cattle that went to Los Angeles; balance stockers, feeders, and canners over 2 years of age.

I started to say that perhaps the strongest argument that I can give you is the census figures for 1920. I do not like to burden you with

them, because we have herd them many times.

Senator Curtis. We will have to ask you to cut your remarks short, because you are not a regular witness, and we have quite a number who were regularly on our calendar to be heard. We wish you would leave those figures out, and you can call our attention to them, because the committee has a great deal to do, and we have those figures all before us in the tables here.

Senator Watson. You can file your brief.

Mr. Wiswall. There are 32 head of beef cattle in the United States to-day for each 100 inhabitants compared with 45 per 100 inhabitants in 1910 and 65 per 100 inhabitants in 1900. I think that is about the very strongest argument we could make in our behalf. I readily understand that while my figures may be admitted as correct, the American cattlemen of the United States will naturally say our cattle market is so badly demoralized that we should not allow the importation of one head more to further demoralize the market. If there was an overproduction, I think this argument would be sound, but as there is no overproduction and as there is no prospect of any large surplus of cattle coming into the market from any outside source, I think we ought to look into the reason for the present demoralization in the cattle market. I can definitely say, without danger of being contradicted, I believe, it is caused by overborrowing during the bonanza years in the cattle industry, which has caused forced liquidation at the present time.

The time of the starting of this liquidation can be definitely located. It was in the fall of 1919. There was a tremendous drought in

Montana, Wyoming, and the western Dakotas in the summer of 1919. Cattlenen there found in the fall that they either had to go to market with their cattle or they had to ship south to pastures, to Texas, New Mexico, and Arizona, or they had to buy expensive feed to carry them through the winter. The result was that a great many of them went to market. You can see that three times as many cattle went to market in 1919 as in the present year. As a result, you all know that the cattle market broke badly, as it always will when cattle are sent to market that should not be sold, and that liquidation has continued from that date to this very minute. It is still going on in the western markets. You know the situation in the spring of 1920.

I have to say that it was an absolute impossibility for northwestern cattlemen to borrow money to buy stockers and feeders in the Southwest. In the fall of 1920 bankers were thoroughly frightened, as they saw the value of their collateral depreciated, and insisted on cattle being sold, and in the fall of 1920 there was just such another condition as in the fall of 1919, and this fall exactly the same thing occurred again. I think an example of how our cattle sold the last

four years will show you just how the market has gone.

In 1918 our cattle coming to Chicago sold at 15 cents per pound; in 1919, when there was a tremendous run, they brought 11 cents in Omaha; in 1920, when the market was weak because the bankers were forcing liquidation, they brought 9 cents a pound in Omaha; and this fall those same cattle were bringing 5½ cents and 5¾ cents a

pound in Omaha, where they brought 15 cents in 1918.

I think it will be admitted that forced liquidation is the cause of the cattlemen's trouble at the present time; but I do not think I have said anything to show you why bringing in more cattle would not further demoralize the markets. My idea is this: The reason that it would not further demoralize the cattle market is that our cattle, stockers and feeders, do not go direct to these markets, where there is open trading from day to day and where really cattle prices are fixed. On the other hand, cattle buyers come down to our place, ride around the pastures, see the cattle, and if they are satisfied we trade with them. Those cattle are shipped direct from our shipping point to pastures for which they are intended. In that way they do not pass through any of the principal markets.

I do not want to say they do not pass through any of those markets, because they do go through El Paso and Denver to the Northwest, and frequently a man will go to the Southwest and buy steers and possibly be able to turn them at a profit in Denver and do so, and then go back and buy more cattle. That happens frequently. But they do not go with the idea of throwing them on the open market.

Senator JONES. Tell us, please, about the prices of the cattle that have not gone onto the market that you speak of. Have those prices

gone down also?

Mr. Wiswall. Naturally, Senator. Senator Jones. To what extent?

Mr. Wiswall. I do not think you were here when I commenced to-day. I stated that we had sold our cattle this spring at \$19, whereas a year ago we had sold them at \$42.50, speaking of yearling steers.

Senator Jones. You have mentioned as controlling factors in order to substantiate your position that there is no overproduction

of cattle in this country, only two things, if I have been able to follow your testimony correctly. Those two are the population of the country and the number of cattle in the country. From that you argue that there is no overproduction. I will ask you if there are not some other very important factors which should be taken into consideration?

Mr. Wiswall. I mentioned, Senator, the receipts of western range cattle at Chicago and Omaha so far this year as compared with other

years; that indicates—

Senator Jones (interposing). That indicates merely the number of cattle in the country. Are there not some other factors which are even more controlling than those you have mentioned? Overproduction, it seems to me, must be measured by the demand.

Mr. Wiswall. That is very true.

Senator Jones. And apparently you have left out of your equation that factor. You are assuming that there are so many people in the country, so many cattle in the country, and therefore the demand for cattle ought to be a given amount. But that does not appear to be the case now.

Mr. Wiswall. No.

'Senator Jones. Our 105,000,000 people will not consume in such times as these as many cattle as 75,000,000 would under other circumstances, and while there may not be an overproduction of cattle in normal times, it is not apparent from the low prices of cattle that there is an overproduction for the consumptive demand?

Mr. WISWALL. No; I do not agree with you there, Senator, because I believe the low prices have been caused absolutely by forced liquidation and by the marketing of many cattle which never should have

been brought to the market.

Senator Watson (presiding). Let me interrupt. The expert furnishes me statistics showing that we exported during the first nine months of this year 161,608 head, while we imported 75,988 head, or more than two to one. That would seem to indicate that there is no great shortage. Do you know what kind of cattle those were we exported?

Mr. Wiswall. Yes, sir; they were beef cattle.

Senator Jones. And you left out the fact that we exported large quantities of meat. We export a large quantity of fresh meat, and we export a large quantity of canned beef and pickled beef, and that would indicate that we have a surplus of these products; and, moreover, is not the demand for beef governed largely by the supply of other meats—pork and mutton and that sort of thing—because when one class of meat gets a little high and another is low, there will be a change from one to the other, and you have to take into consideration the entire meat supply when you are considering the question of supply and demand of one kind of meat, it seems to me.

Mr. Wiswall. The mutton consumption in the United States is

Mr. Wiswall. The mutton consumption in the United States is comparatively very low. I feel this way: I think that the American nation is a beef-eating nation. I think that when it comes back to normal we will see our beef consumption rapidly increase, much more rapidly than our production can increase. I admit that the consumption of beef is certainly much lower to-day than it has ever been before for a great many years, and it seems to be on the decrease all the time. Whether it is because of the industrial conditions all

over the country, or whether it is because of advertisements to "Eat

no meat and eat something else," I do not know.

Senator Jones. And will you not agree to this fact, that the price of stock cattle, such as you want to import, are now being sold in the United States for less than the cost of production?

Mr. Wiswall. Yes; certainly. But I say this, Senator, that it is all caused by these people having been forced to liquidate. I could

cite many instances of that.

Senator Jones. That means there is an oversupply of cattle

except at a very reduced price; that is what that means?

Mr. Wiswall. No; pardon me, Senator: It means this: You know There is not one in a hundred that every cattleman is a borrower. is not a borrower; and you know that for many years the money was offered to us instead of having to go and hunt for it, and, as a rule, these cattlemen would borrow at least two-thirds as much as the cattle were worth. Cattle have fallen 50 per cent. The result is that the collateral that the bankers have is not worth the amount of money loaned on it, and they are simply forcing these men to sell, every single day of the year. They are doing it to-day; they are selling everything they can lay their hands on-young heifers and You know a poor yearling simply will not bring any money. When a cattleman wants to get money for his cattle he has to go to. market with fat cattle.

Senator Jones. Then would not overshipment of cattle into the United States add to that demoralized condition?

Mr. Wiswall. Those cattle do not go direct to the market.

Senator Jones. But is not the stocker market just as much demoralized as the beef markets?

Mr. Wiswall. But, Senator, the people who buy stockers, for

instance, young steers, do not go to Kansas City or Omaha.

Senator Jones. I know they do not, but they go to a market. They go to some buyer, and that market seems to me, if I know anything about conditions, is just as much demoralized as the market at Kansas City or Chicago.

Mr. Wiswall. All markets are demoralized at present.

Senator Jones. All markets are demoralized at present; and would not the importation of additional cattle from Mexico add to that demoralization?

Mr. Wiswall. I think the importation is so comparatively small

that it would not be felt.

Senator Watson. If normal times were restored in the United States and they reached the usual degree of prosperity, with usual demand for cattle, the duty that you would be compelled to pay under this tariff would not demoralize your business and prevent your raising stockers and feeders to import into the United States?

Mr. Wiswall. We are in the cattle business and are going to stay

in the cattle business.

Senator Watson. Precisely.

Mr. Wiswall. And we have got to adjust our business to meet the conditions. If you put an impossible duty on, we have got to find a market some place else or else go broke. We are going to try to stay in the cattle business.

Senator Watson. How long have you been in the cattle business?

Mr. Wiswall. Fourteen years.

Senator Watson. And have not gone broke yet?

Mr. Wiswall. Not yet. Senator Watson. You are in luck.

Senator Gooding. You are better off than most Americans in the cattle business.

Mr. Wiswall. The advantage in Mexico which we have over those in the United States is that when we go to a bank they will not look at us; we can not borrow a nickel on our cattle in Mexico. That is what saved us.

Senator Jones. Have you gone into the question of your cost of

production down there?

Mr. Wiswall. No, sir. But I will be very glad to give you any

information I can on that subject.

Senator Jones. I wish you would tell us something about the finished cost of production in Mexico and in New Mexico, for instance.

Mr. Wiswall. I can only speak for myself; that is, the figures of my own company. I do not know what other people's figures are. For instance, in the year 1920 our total expenses of all kinds, including interest and rent, and operating expenses and improvements because we charge our improvements to ranch expenses—was We branded 14,000 calves; we gathered 12,000 yearlings **\$240,000.** this year, that is about \$20 a head for our yearlings, on the Mexican side of the line.

Senator Jones. You charge improvements to expense?

Mr. Wiswall. To expense; yes, sir.

Senator Jones. And you own the land?

Mr. Wiswall. Yes, sir; we own 425,000 acres, and we lease 375,000 acres.

Senator Jones. How much rent do you pay?

Mr. Wiswall. We pay 6 cents an acre.

Senator Jones. What part of Mexico are you in?

Mr. Wiswall. Sonora, right adjoining the international line. Senator Warson (presiding). We have given you an unusual amount of time. I suggest that you file your brief, and we will

Senator Gooding. That is Mexican money? Mr. Wiswall. No, sir; that is American money.

I wish to add one point which perhaps I have not made clear. Our cattle are sold before they are imported into the United States. For that reason it seems to me that

they can not in any way affect the price of stocker cattle in the United States.

All cattle from Mexico are handled in this way and I am told, but have no personal knowledge, that most young stocker cattle from Canada are also handled in this way. As nearly as I can arrive at the figures, I estimate that of the 316,000 head of cattle imported from Canada in 1920, 80,000 head were calves and 40,000 head were stockers and feeders between the ages of 1 and 2 years.

of the 60,000 head imported from Mexico, I estimate that one-third, or 20,000 head were under 2 years old. The exportation of calves from Mexico is prohibited by the Mexican Government. In other words, probably 60,000 head of stockers and feeders under the age of 2 years were imported into the United States in 1920.

I do not think it probable that that number would be exceeded for some years to come. There is no longer the attraction of high prices to tempt the Canadian cattle-

come. There is no longer the attraction of high prices to tempt the Canadian cattleman to sell his young cattle, and the cattle industry in Mexico is at a complete standetill.

DAIRY PRODUCTS.

Senator Watson. The committee will now hear Mr. Holman. State your full name and whom you represent, and then make whatever statement you desire.

STATEMENT OF MR. CHARLES W. HOLMAN, ACTING SECRE-TARY, NATIONAL MILK PRODUCERS' FEDERATION, 1731 I STREET, WASHINGTON, D. C.

Mr. Holman. My name is Charles W. Holman, and I am acting secretary of the National Milk Producers' Federation, with office at

1731 I Street, Washington, D. C. I am filing, Mr. Chairman, a list of our member associations, which is a collection of cooperative corporations exclusive of farmer membership, representing, in the aggregate, 21 associations and something over 200,000 farmer members.

(The list of member associations referrred to and submitted by

Mr. Holman is here printed in full, as follows):

MEMBERS OF NATIONAL MILK PRODUCERS' FEDERATION.

Dairymen's League (Inc.) and Dairymen's League Cooperative Association (Inc.), Utica, N. Y.

New England Milk Producers' Association, Boston, Mass. Inter-State Milk Producers' Association, Philadelphia, Pa. Maryland State Dairymen's Association, Baltimore, Md.

Maryland and Virginia Milk Producers' Association, Washington, D. C.

East Tennessee Milk Producers' Association, Knoxville, Tenn. Oregon Dairymen's Cooperative League, Portland, Oreg.

Kentucky & Indiana Dairies Co., Louisville, Ky.

Queen City Milk Producers' Association, Cincinnati, Ohio. Ohio Farmers' Cooperative Milk Co., Cleveland, Ohio. Dairymen's Cooperative Sales Co., Pittsburgh, Pa.

Northwestern Cooperative Sales Co., Wauseon, Ohio. Michigan Milk Producers' Association, Detroit, Mich.

Southern Illinois Milk Producers' Association, St. Louis, Mo.

Twin City Milk Producers' Association, St. Paul, Minn.

The Milk Producers' Association and Producers' Cooperative Marketing Co. of the the Chicago District, Chicago, Ill.

Milwaukee Milk Producers' Association, Milwaukee, Wis.

Louisiana and Mississippi Dairymen's Cooperative Association, New Orleans, La. Associated Dairymen of California, San Francisco, Calif.

United Dairy Association of Washington, Spokane, Wash.

Senator Watson. I want the witnesses to understand that Senators Penrose, McCumber, Smoot, and Williams are in conference committee on the revenue bill, and that the other members of the committee when we can gather them together, will conduct these hearings. In their absence—we do not know how long they will be absent, probably a week—but we shall run right on with these witnesses this afternoon, so as to accomodate all witnesses who come from a distance.

Mr. Holman. I am also filing a list of our officers and directors, Mr. Chairman.

(The list of officers and directors submitted by Mr. Holman is here printed in full, as follows:)

OFFICERS AND DIRECTORS OF THE NATIONAL MILK PRODUCERS' FEDERATION.

Milo D. Campbell, president. R. D. Cooper, first vice president. H. W. Ingersoll, second vice president. F. P. Willits, treasurer. George Brown, secretary.

George Brown, secretary.
Chas. W. Holman, acting secretary.
Board of directors: Milo D. Campbell, Coldwater, Mich.; R. D. Cooper, Little Falls, N. Y.; H. W. Ingersoll, Elyria, Ohio; George Brown, Sycamore, Ill.; G. R. Rice, 321 Ninth Street, Milwaukee, Wis.; W. F. Schilling, Northfield, Minn.; H. W. Tinkham, Warren, R. I.; W. J. Kittle, Crystal Lake, Ill.; J. D. Miller, Susquhana, Pa.; F. P. Willits, Ward, Pa.; R. C. Reed, Howell, Mich.; Harry Hartke, Covington, Ky.; J. M. Henderson, Sacramento, Calif.; P. S. Brenneman, Jefferson, Ohio; Richard Pattee, Newton Highlands, Mass.; J. A. Scollard, Chehalis, Wash.; Alma D. Katz, Portland, Oreg.; F. T. Holt, Kenosha, Wis.; H. J. Schultz, Shipman, Ill.; D. G. Harry, Pylesville, Md.; J. Wood Yager, La Grange, Ky.
Executive committee: Milo D. Campbell, R. D. Cooper, H. W. Ingersoll, W. J. Kittle, J. D. Miller; alternates, Harry Hartke and R. C. Reed.

Mr. Holman. In order to expedite the dairy discussion before this committee, the producers' organizations and some of the creamery men have agreed to divide up the time among themselves and to present sectional arguments.

It is my purpose here this morning only to make a short introductory statement and to file some data which we feel is necessary as, a preliminary understanding of the problem from our viewpoint.

For something more than a year our member associations and allied bodies have been making a very careful study of costs of production and costs of distribution of butter products in their relation to the tariff problem. We have even gone to the extent of making some foreign surveys, and also requesting various departments of the Government to gather together certain data from foreign countries which we felt was essential to lay before you.

A preliminary report was made in the early summer by a committee known as the United States Milk Producers' dairy tariff committee, performed at the initiation of the federation that I represent. I wish to file the preliminary report of the committee.

The report referred and submitted by Mr. Holman is here printed

in full, as follows:)

PRELIMINARY REPORT OF THE UNITED STATES MILK PRODUCERS' DAIRY TARIFF COMMITTEE.

In February and early March of this year it became apparent that reliable data bearing upon the cost of producing milk and milk products in the United States would be essential for the use of Congress in forthcoming tariff schedules. To that end, and at the suggestion of the National Milk Producers' Federation, regional committees were at once organized in various sections of the United States for the making of investigations upon the question of a dairy tariff and the assembling of material which would be of help in deciding what tariff rates would be necessary to protect

American producers from foreign competition.

New England committee: The New England committee was made up of one member New England committee: The New England committee was made up of one member from each of the several New England States, each member being appointed as a result of a conference between the following farmers' organizations: Grange, Farm Bureau, Dairymen's Association, College of Agriculture, and State Department of Agriculture. As a result of these selections, the following men were members of the committee from New England: W. N. Cady, Vermont, master of the State Grange, chairman; O. M. Camburn, Massachusetts State Department of Agriculture, secretary; J. W. Alson, Connecticut Diarymen's Association; H. N. Sawyer, New Hampshire Ferrm Bureau. M. D. Jones, Maine Agriculturel Callege: G. R. Little, Eastern shire Farm Bureau; M. D. Jones, Maine Agricultural College; G. R. Little, Eastern New York Milk Producers' Association; J. J. Dunn, Rhode Island State Department of Agriculture; W. H. Bronson, New England Milk Producers' Association.

Eastern Group: The following are the members of the committee for the Eastern States: R. W. Balderston, Inter-State Milk Producers' Association, Philadelphia, chairman; George W. Slocum, Dairymen's League, Utica, N. Y.; D. G. Harry, Maryland State Dairymen's Association, Baltimore; T. E. McLaughlin, Maryland and Virginia Dairymen's Association, Washington, D. C. This group had the cooperation of the granges, farm bureaus, agricultural colleges, and State departments of agriculture in the various States represented.

Central group: The following are the members of the committee for the Central States: H. W. Ingersoll, Ohio Farmers' Cooperative Milk Co., Elyria, Ohio, chairman; P. S. Brenneman, Dairymen's Cooperative Sales Co., Jefferson, Ohio; Harry Hartke, Queen City Milk Producers' Association, Cincinnati, Ohio; N. P. Hull, Michigan Milk Producers' Association, Lansing, Mich.; A. C. Mackin, Indiana and Kentucky Dairies Co. Louisville Ky. Cooperating with this group were the dairy and extensions. Dairies Co., Louisville, Ky. Cooperating with this group were the dairy and extension departments of the Ohio State University.

Mississippi Valley group: The following are the members of the Mississippi Valley committee: E. C. Rockwell, Chicago Milk Producers' Association, chairman; D. L. Putnam, Chicago Producers' Cooperative Co., W. F. Schilling, Twin City Milk Producers' Association, Northfield, Minn.; G. R. Rice, Milwaukee Milk Producers' Association, Milwaukee, Wis.; N. E. Baum, Southern Illinois Milk Producers' Association, East St. Louis, Ill.

Project and mountain groups, The Project and Milk Producers' Association, Milk Producers' Associati

Pacific and mountain group: The Pacific and mountain States committee consisted of S. N. Ayres, Associated Dairymen of California, San Francisco, chairman; J. H. Mackin, Oregon Dairymen's League, Portland; J. A. Scollard, United Dairy Associa-

tion, Chehalis, Wash.

The investigations made by these various committees have been exhaustive and thorough and the results here presented are largely results obtained from college and governmental investigations for costs of production of dairy products. It has been impossible to present the material obtained before the present time, for the reason that making such investigations has required a large amount of field and office work in order that results presented would be absolutely fair and correct.

All the basing data for the statements made and for the schedules asked are too voluminous to be reviewed by the committee at this late date, but the same are on file at the office of the National Milk Producers' Federation, 1731 I Street NW., Washing-

ton, D. C., where they may be had at any time.

DAIRY SCHEDULE ASKED FOR.

The results of these investigations by the United States Milk Producers' dairy tariff committee show that the following tariff rates on dairy products are necessary to protect the United States producers of dairy products from foreign competition:

Milk	cents per gallon 31
Cream	do 35
Butter	cents per pound 10
Cheese	
Condensed milk	do 2
Casein (lactorene)	

These rates are based on the difference of the cost of production in foreign countries and competing sections of the United States.

DAIRY CONDITIOND.

The conditions on farms in the dairy States call for adequate protection on dairy products to bring the production of dairy products back to its former prosperous condition. In New England, for example, the number of farms as reported by the United States census has shown a marked decline in each State for the past 20 years, Up to the beginning of the high prices for dairy products in 1915-16, the number of cows in New England had steadily declined. Census reports for 1920 show that 24 out of the 48 States had a decline in the number of farms as compared with 1910, of from 1 per cent in Mississippi to 24 per cent in New Hampshire. In 19 of the States the decrease in number of farms is over 5 per cent. This general condition as pictured in New England prevails in other parts of the older dairy sections of the United States.

COST OF PRODUCTION.

Milk: The United States cost of producing 100 pounds of milk testing 3.5 per cent in April, 1921, as obtained by two methods, was \$2.80 and \$2.89. The cost of production varied by sections from \$3.12 in Baltimore district to \$2.53 in the Chicago district.

The first result was obtained as an average of cost reported by various sections of the United States, the methods of determination varying in each section. The following is the cost by sections:

Cost of producing 100 pounds of milk, 3.5 per cent test.

New England New York Philadelphia Baltimore Ohio Chicago	 		2. 56 3. 10 3. 12 2. 86 2. 53
California	 · · · · · · · · · · · · · · · · · · ·	 	2. 53

Average, United States.....

The second method of determination of costs was to apply the average feed and labor costs for these various sections to the "Warren formula" for the cost of producing 100 pounds of milk. The costs obtained were as follows:

Cost of producing 100 pounds of milk, "Warren formula."

Item.	Quantity.	Price per ton or hour.	Cost.
Grain pounds Hay do Other dry forage do Silage do Other succulents do Labor hours	43.3 10.8	\$38.50 16.00, 8.00 8.00 8.00 .28	\$0.650 .346 .043 .369 .033 .846
Total, representing 79 per cent of cost			2. 287 2. 89

BASIS OF COSTS OF MILK PRODUCTION IN THE VARIOUS SECTIONS.

New England: The New England costs of milk production are based upon the "Warren formula," which was developed by Dr. G. F. Warren, of Cornell University, who was a member of Hoover's milk commission, and which was used by regional Federal milk boards in determining the cost of milk production during the war period. The "Warren formula" gives the quantities of feed and labor required to make 100 pounds of milk. To these quantities have been applied new feed and labor prices New York: New York cost is based upon the "Warren formula," from figures furnished by Dr. G. F. Warren, of Cornell University as of May, 1921.

Philadelphia: Philadelphia costs are from the New Jersey State Experiment Station, comprising a study made of the cost of production of milk on 65 farms in two large milk-producing sections of New Jersey for May, 1921, and checked with actual records of over 4,000 cows in cow-testing associations in Pennsylvania and a recent survey of the cost of milk production made by the United States Department of Agriculture in Delaware.

Baltimore: Baltimore costs were obtained from a survey of 94 farms in Maryland, which was conducted by the United States Department of Agriculture in 1920, with

such costs brought up to date as of May by introduction of new labor and feed costs.

Ohio: Ohio costs were obtained from 42 cow testing associations which have records extending over a period of seven years with a total of over 21,000 cows, also includes the milk cost associations which have been operating for the past few years under the supervision of the Ohio State University. These costs in each case have been brought up to date by the substitution of new feed and labor costs.

Chicago: Chicago costs are based on the modified "Pearson formula," which was used by the Chicago Federal milk board appointed by Hoover during the war period

to determine costs of milk production, with the figures brought up to date by applying recent feed and labor costs.

California: California costs are based on figures from the records of the Dairymen in California for May, 1921, as furnished by the Associated Dairymen of California (Inc.).

CHEAPER CANADIAN MILK.

Compared with these costs, the costs in Quebec, Canada. in April were \$2.37 per hundred for 3.5 per cent milk, a difference as compared with New England of 48 cents per hundred in favor of Quebec or 4.1 cents per gallon, and of the United States of 43 cents per hundred or 3.7 cents per gallon. The costs in Quebec, Canada, were obtained by an actual survey in territory shipping milk and cream to Boston.

Cream: Based on these costs of milk production, the cost of producing 1 gallon of 36 per cent cream is 40 cents per gallon less in Quebec than in New England, and 41

cents per gallon less in Quebec as compared with the United States.

Butter, Canada and Denmark: Based on these costs of 100 pounds of milk, the cost of producing 1 pound of butter is 10 cents less in Canada than in New England and the United States. The cost of producing 1 pound of butter in Denmark, as stated by Mr. Harold Faber, agricultural commissioner for Denmark, for 1920 was 40 cents per pound, and as stated by Mr. O. H. Larsen, professor of agricultural economics of the Royal Agricultural College, Denmark, was 45 cents per pound. As compared with the cost of producing 1 pound of butter in the United States of 59 cents and of the New England States of 55 cents, this gives the advantage to the Danish producer of from 15 to 19 cents with the cost of transportation only 23 cents per pound to New York.

Other foreign countries: It has been improvedible to obtain production costs of dairy

Other foreign countries: It has been impossible to obtain production costs of dairy products in other foreign countries than Denmark, but the following tabulation of labor rates in the United States and foreign countries, as reported from Government sources, indicates that production costs in other foreign countries than Denmark are considerably lower than United States production costs.

Farm wages in U	Inited States compe	ared with foreign	countries in 1920.
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Country.	Farm wages without board.	Differ- ence.	Per cent of differ- ence.
United States (dairy section) Canada. Denmark Switzerland Sweden. Austra'ia England France Germany	\$74	\$6	8
	68	24	32
	50	17	23
	57	39	53
	35	21	28
	53	38	51
	36	56	76
	18	62	84

TRANSPORTATION CHARGES.

A study of transportation costs from Denmark to New York as compared with transportation costs from Minnesota and Wisconsin to New York shows that butter can be landed in that market as cheaply from Denmark as from the Middle West States, the cost of transportation in each case being approximately 21 cents per pound, and transportation costs from the extreme West give a decided advantage to the foreign producer. (Transportation charges in respect to milk and cream, considered primarily from a New England and New York State standpoint. The transportation charges for milk from the center of production in New England compared with the center of production in Quebec favor the New England producer by 6 mills per gallon. Similar costs of transportation on cream show that the transportation costs favor the New England producer by the same amount. The cost of transportation of a pound of butter from the New England center of production to Boston as compared with the costs from Quebec center of production is three-tenths of a mill less.)

SPECIFIC DUTY DESIRABLE.

From an administrative standpoint it is believed that a specific duty on dairy products is more desirable than an ad valorem duty.

CHANGE IN PRICE LEVEL MAKES HIGHER DUTY NECESSARY.

In 1897 when butter sold for 20 cents per pound a duty of 6 cents per pound was adopted. At the present price level of butter which will average from 30 to 40 cents for the year, a duty of at least 10 cents per pound is necessary to give the same protection.

FOREIGN DAIRY PRODUCTS NOT NECESSARY TO SUPPLY UNITED STATES NEEDS.

A study of the United States production and consumption of dairy products shows that enough are produced here to meet all demands without any imports:

United States, 1919.

[From the Market Reporter, June, 1920.]

Item.	Production.	Consumption.	Ratio of consumption to total produced.
Milk. Butter. Cheese. Condensed milk	Pounds. 90, 600, 000, 000 1, 560,000, 000 420, 000, 000 1, 925, 000, 000	Pounds. 38, 619, 000, 000 1, 530, 000, 000 404, 000, 000 1, 217, 000, 000	Per cent. 42.6 91.7 96.2 63,2

In 1919, 416,000 gallons of cream were shipped from Canadian points to Boston. The butter produced by New England creameries would have provided four and a half million gallons of 36 per cent cream, or eleven times the amount necessary to replace the Canadian shipments. The butter production in New England would have supplied nine times the amount needed to replace Canadian cream shipments to Boston for the month of heaviest shipment (June).

BALANCE OF TRADE ON BUTTER.

The Market Reporter, published by the United States Department of Agriculture, for February 26, 1921, shows that we have changed from a net exporting country in 1919 when we exported an equivalent of 500,000,000 pounds of milk to a net importing country in 1920 when we imported what would be equivalent to over 400,000,000 pounds. The butter imports from Canada have increased from 350,000 pounds in 1913 to over 9,000,000 pounds in 1920. This has resulted in an over supply of dairy products which has resulted in a demoralized market and a selling price lower than the cost of production.

STANDARD OF LIVING.

In order to maintain the standard of living on American farms and meet the difference in costs of production of dairy products in this country and foreign countries, adequate protective tariff is necessary.

IMPORTATION OF VEGETABLE OILS A MENACE TO THE DAIRY INDUSTRY.

The dairy industry demands a tariff on vegetable oils equal to the tariff on butter for which it is used as a substitute. The wholesale price of vegetable oils is usually about 25 per cent of the wholesale price of butter, yet butter substitutes usually sell for 75 per cent of the price of butter. The importation of vegetable oils used largely in the production of substitutes for butter and other milk products increased from 82,000,000 pounds in 1912 to over 435,000,000 in 1920. This importation in 1920 replaced the butter fat production of over a million cows or 7 per cent of the total number of cows in the United States. This has been an important factor in causing losses to dairymen and it may have damaged materially the health of the Nation.

IMPORTANCE OF DAIRY PRODUCTS TO THE NATION.

Eminent scientists and health authorities now recognize milk and its products as absolutely essential to the life of the Nation, because they promote growth, health,

reproduction, and longevity, and at the same time are the most nourishing and cheapest form of animal foods. Therefore, the Nation must give the dairy farmer protection which is as effective as that applied to other industries.

Washington, D. C., June 7, 1921.

Mr. Holman. Following that report, the farm organizations represented here in Washington have held a number of meetings at which they have discussed the butter tariff schedules and other schedules, and they have come to some agreement among themselves in order to get unified support of the changes, which I am offering for the record this morning. I will not read the changes, as the witnesses who will follow me will discuss it very carefully by paragraph, and it will save your time.

Below in parallel columns will be found the rates allowed in the Fordney bill and the rates proposed by the National Milk Producers'

Federation:

WHAT THE FORDNEY B LL ALLOWS.

PAR. 707. Milk, fresh, 1 cent per gallon; sour milk and buttermilk, one-half of 1 cent per gallon; cream, having less than 30 per centum of butter fat, 5 cents per gallon; having 30 per centum or more of butter fat, 10 cents per gallon.

PAR. 708. Milk, condensed or evaporated: In hermetically-sealed containers, unsweetened,1 cent per pound; sweetened, 12 cents per pound; all other 13 cents per pound; whole milk powder, 3 cents per pound; cream powder, 8 cents per pound; and skimmed milk powder, 1½ cents per pound; malted milk, and compounds of or substitutes for milk or cream, 20 per centum ad valorem.

PAR. 709. Butter, 8 cents per pound; oleomargarine, 8 cents per pound.

PAR. 710. Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per centum ad valorem; cheese substitutes, 5 cents per pound.

WHAT DAIRY ORGANIZATIONS WANT.

PAR. 707. Whole milk, sweet or sour. 3½ cents per gallon; cream, sweet or sour having not more than 20 per centum of butter fat, 15 cents per gallon, for each additional 5 per centum or fraction thereof of butter fat, 5 cents per gallon additional; skim milk, 1 cent per gallon; ice cream mixtures, unfrozen, having not more than 15 per centum of butter fat, 15 cents per gallon, for each additional 5 per centum orfraction thereof of butter fat, 5 cents per gallon additional; frozen, having not more than 15 per centum of butter fat, 9 cents per gallon, for each additional 5 per centum or fraction thereof of butter

fat, 3 cents per gallon additional.

Par. 708. Milk, condensed or evaporated. Inhermetically-sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 13 cents per pound; whole milk powder, 3 cents per pound; cream powder, 8 cents per pound; and skimmed milk powder, 1½ cents per pound; malted milk and com-pounds of or substitutes for milk or cream, 20 per centum ad valorem.

PAR. 709. Butter, 10 cents per pound;

butter substitutes, 10 cents per pound.
PAR. 710. Cheese, valued at less than
30 cents per pound, 5 cents per pound: valued at 30 cents or more per pound, 25 per centum ad valorem; cheese substi-tutes, 5 cents per pound; lactarene or casein 4½ cents per pound (this article now appears on the free list); all other dairy products not otherwise provided for, 20 per centum ad valorem.

I also wish to file a special brief filed by the Associated Dairymen (Inc.), California, one of our member associations, in regard to casein and milk sugar, and to file an introductory statement of President Milo D. Campbell, president of the National Milk Producers' Federation.

(The brief of the Associated Dairymen (Inc.), of California, submitted by Mr. Holman, is here printed in full, as follows:)

Brief of Associated Dairymen (Inc.), of San Francisco, Calif.

CASEIN AND MILK SUGAR SHOULD BE PLACED ON DUTIABLE LIST AT RATE OF 4½ CENTS PER POUND—RATE ON SKIM MILK POWDER AND ON CREAM SHOULD BE DOUBLE THOSE INDICATED IN H. R. 7456.

A duty on both casein and milk sugar is necessary for the protection of the dairy industry. While they may be regarded as secondary products, they, of course, have

a direct bearing on the value of milk.

If the United States requirements for casein and milk sugar are supplied from other countries, the value of milk in this country will inevitably be reduced proportionately. Furthermore, casein and milk sugar production has not been fully developed in the United States because of foreign competition. As important war materials, the production has been greatly stimulated during recent years. These industries however, will be reduced to their former status without protection being given.

It should be remembered that the water rates on casein from South America and Europe to New York are less than rates by water on casein and milk sugar from San Francisco to New York. It should be remembered that California is an important

producer both of casein and sugar of milk.

To place casein and milk sugar on the free list, with a protective tariff on other dairy products, places these products in a worse position than they are in at the present time, because it offers a special opportunity for dairy products to come in in this form.

Considering these facts, it would seem only fair that casein and milk sugar be put on the dutiable list at rates in keeping with the rates proposed for other milk products. Such rates of duty should provide as much protection for 100 pounds of skim milk when made into exceip and milk sugar as when made into chim milk providers.

when made into casein and milk sugar as when made into skim milk powder.

Approximately 6 pounds of casein and milk sugar (about 3 pounds of each) is obtained from 100 pounds of skim milk, while approximately 9 pounds of skim milk powder is obtainable from the same quantity of skim milk. It would seem only fair, therefore, that the per pound duty on casein and milk sugar should each be one and one half times the rate on skim milk powder.

CREAM AND SKIM MILK FOWDER RATES TOO LOW.

The dairy products schedule contained in H. R. 7456 when applied to the different products resulting from 100 pounds of 4 per cent milk show a wide variation in the protection afforded, as shown in the following table:

Approximate rates on the different products from 100 pounds of 4 per cent milk.

Product.	Proposed by H. R. 7456.	Equivalent in terms of milk.
Fresh milk Sour milk, buttermilk Cream, 29 per cent fat Unsweetened evaporated milk Sweetened condensed milk Whole-milk powder Skim-milk powder Butter Cheese at less than 30 cents per pound. Casein. Milk sugar	cent per gallon cents per gallon cents per pound	6 cents per 100 pounds. 8.6 cents per 100 pounds milk. 43.6 cents per 100 pounds milk. 28 cents per 100 pounds milk. 39 cents per 100 pounds milk. 13.5 cents per 100 pounds milk. 40 cents per 100 pounds milk. 50 cents per 100 pounds milk.

From the above it will be noted that there is a serious lack of uniformity in the rates proposed; but on the better-known products, such as butter, cheese, and evaporated (unsweetened) milk, the duty is equivalent to from 40 to 50 cents per hundred pounds on milk used in their manufacture.

No doubt it was considered that fluid whole milk and buttermilk would require little protection, since they could not come in large quantities in any event. Such,

however, does not apply to other products that are seriously out of line.

It will be seen from the above table that the protection on the butter from 100 pounds of milk is 40 cents, while on butter fat, in the form of cream from the same quantity of milk, it is only 8.6 cents. With the present methods of pasteurization and refrigeration cream can readily come in from Canada, and with particularly attractive markets might very well be expected to come from New Zealand, South America, and Denmark as well.

Referring again to the table, it will be noticed that the combined protection af-forded to skim-milk powder and butter fat (in the form of cream) that may be secured from 100 pounds of milk is only 22.1 cents, while the same quantity of milk converted into cheese would give protection of 50 cents; into butter, 40 cents; into whole milk powder, 39 cents; into unsweetened evaporated milk, 43.6 cents; into sweetened condensed milk, 28 cents.

Skim-milk powder is certainly as importable as any other product. Moreover, its production is one of the newest of our dairy industries. The development of the skim-milk powder industry in the United States must certainly be recognized as a matter of importance, not only to the dairy industry but to the Nation as a whole. It is only fair, therefore, that skim-milk powder be given at least as much protection

as the older and well-established dairy industries are accorded.

In order that this be done the rate on skim-milk powder in H. R. 7456 should be

raised from 1½ cents to 3 cents per pound.

It is important also for the reason set forth above, that the rate on butter fat in cream be at least double, or increased from 5 to 10 cents per gallon for cream testing under 30 per cent of fat, and from 10 to 20 cents for cream testing 30 per cent fat or

It is obvious that these rates should be raised in order that all protection afforded by the dairy schedule may apply with uniformity upon all products; and it is equally obvious that casein and milk sugar should for the same reason be placed on the dutiable list, each at 41 cents per pound.

It is a matter of plain justice that the rate on skim-milk powder and cream (butter fat) combined should at least be equal to the rates on evaporated whole milk, whole milk powder, or even cheese or butter.

It must be recognized that it is equally just that the combined tariffs on casein and

milk sugar should be equal to the rate on skim-milk powder.

It must be remembered that in a modern milk plant milk is to all intents and purposes a raw material which can be converted into one product or another to meet market demands. To protect butter, therefore, and to allow cream to come in practically free will defeat the very purpose of the tariff. Moreover, to place a higher protection on butter, chesse, evaporated milk, and condensed milk, and a low degree of protection on skim-milk powder, or on casein and milk sugar, will attract the greatest possible imports of the latter products and thereby reduce the real protection for the awards of the medern milk manufacturing plants. The absolute emission of for the owners of the modern milk manufacturing plants. The absolute omission of casein and milk sugar from the dutiable list will still further contract the field of operations for the milk plants.

We trust that these considerations will have careful consideration and approval.

IMPORTS, PRICES, AND DOMESTIC PRODUCTION OF CASEIN (LACTARENE).

Importation of casein.—The importations of casein (lactarene) into United States has increased from 9,000,000 pounds in 1913 to over 21,000,000 in 1920. The following table gives the imports by years:

TABLE I.—Imports of casein (lactarene), by years.

[Report Foreign and Domestic Commerce.]

	Pounds.	•	Pounds.
1913	8, 805, 000	1917	12, 319, 000
1914	10, 798, 000	1918	7, 084, 000
1915	7, 920, 000	1919	17, 239, 000
1916	10, 376, 000	1920	21, 239, 000

Over 17,000,000 of the 21,000,000 pounds of casein which was imported in 1920 came from Argentine. The following table shows the imports for 1920 by countries:

TABLE II.—Imports of lactarene (casein) by countries, year 1920.

[Report Domestic and Foreign Commerce.]

	Pounds.		Pounds.
France	368,000	Japan	3,000
England	2, 257, 000	Australia	179, 000
Argentine	17, 300, 000	New Zealand	677, 000
Brazil		-	
British India	250,000	Total	21, 239, 000

Casein prices.—As a result of these very large importations of casein the price to the manufacturer of casein has gone so low that it now pays no more than the cost of manufacture and returns no value for the skim milk used in its production. This has cut off an important market for skimmed milk. It is an economic waste not to use this skimmed milk to replace foreign casein. The following shows the prices received for casein by one New England producer of the product:

TABLE III.—Casein, prices per pound.

	1918	1919	1920	1921	1918	1919	1920	1921
January February March April May June	131	Cents. 15 13 12 13 10 10 10 1	Cents. 11 12 12 12 12 12 12 12 12 12 12 12 12	Cents. 81/2: 81/6 6	16 164	Cents. 10½ 11 12½ 12½ 12½ 12½ 12½ 12½	Cents. 12½ 13 13 12½ 12½ 10	Cents. 6 5 5 5 5 5

Average prices.

	Cents.
1913	6
1914	5.2
1915	61
1916.	
1917	16 1

Domestic production of casein.—The United States Department of Agriculture, Bureau of Markets, reports the domestic production of casein or lactarene as follows:

	Pounds.
1918	10, 935, 000
1919	13 685 000
1920	
2020	11, 020, 000

(The brief of Milo D. Campbell, of Coldwater, Mich., president National Milk Producers' Federation, submitted by Mr. Holman, is here printed in full, as follows:)

BRIEF OF NATIONAL MILK PRODUCERS' FEDERATION.

The FINANCE COMMITTEE,

United States Senate.

Permit me in behalf of over 200,000 members of the National Milk Producers' Federation to file with you the following general statement:

1. We ask that you first consider that we come to you as milk producers, farmers,

and not as manufacturers.

There are 4,000,000 milk producers in the country and but comparatively few

manufacturers of dairy products.

Wherein our demands for tariff rates may differ, if they shall, we want you to bear in mind that manufacturers who live and prosper upon margins, the value of whose products is more than 85 per cent the whole milk or cream bought of the farmers, have no right to disregard the needs of the real producers of dairy products.

2. We come to the committee asking no special favors in the way of protections not

granted to other deserving industries.

3. We have no apprehension that there will be any discrimination between schedules affecting the farmer and those affecting manufacturers, nor have we any present reason to doubt the purpose of the committee; but, should there be any attempt to trade the farmer for foreign markets, to place upon the free list or near free lists, his products, to gain trade for protected industries, the same will not be patiently tolerated by agriculture.

4. The specific rates asked by the milk producers of the country upon their various products will be presented to your committee by experts, and we ask that they be adopted. I am here but mentioning a few basic reasons why they should be enacted

into law, along with other protective tariffs upon farm products.

WAGES.

The difference between a protective tariff and a revenue tariff consists chiefly and almost wholly in wages. I want to invite the attention of the committee to this most important question, as it affects the farmer and particularly the dairy farmer at this time.

FARM EARNINGS-WAGES.

The total production of the farms of this country for the year 1921 will not exceed \$10,000,000,000.

This sum includes all produce of every kind and description including live stock, whether sold or consumed on the farms by the farmers themselves.

This estimate is probably about \$2,000,000,000 too high, owing to the rapid drop in

prices during the last few months.

Before the farmer can count a labor wage for himself, he must make from the above

amount some deductions.

1. The last census fixed the value of his land, covering 6,459,000 farms at \$54,903,000,000, his implements and machinery at \$3,595,000,000, his live stock at \$7,996,000,000, and his buildings at \$11,430,000,000. We exclude farm houses from the last item, because used as a residence should be offset against him. We therefore divide the buildings amount by 2, calling it \$5,760,000,000. We thus have a total investment other than for residences, \$72,250,000,000.

Let us first allow the farmer a meager 6 per cent upon his total investment, or

\$4,335,000,000.

Allow him depreciation and repairs upon his buildings, fences, farm machinery and equipment, losses through sickness and accident to his live stock, depletion of soil,

A very moderate estimate must place this at 6 per cent upon his valuation, or another \$4,335,000,000.

His insurance and taxes, State and local, will exceed \$1,500,000,000. These allowances to the farmer will total \$10,170,000,000 or \$170,000,000 more than the total value of every crop raised from field and orchard, including all live stock sold.

This does not leave a dollar of wage for the 12,000,000 men employed upon the farms of the country, not a dollar for the support of the 40,000,000 people living out in the rural districts.

Of course, this statement will be at once challenged as to accuracy by the unthink-

ing, because the farmer must and does exist somehow.

He lives, however, because he gets nothing upon investment and because he is allowing his farm, his buildings, and farm equipment to go without repairs or renewal. There are no new fences, no freshly painted farm buildings, no new farm houses, and but absolutely indispensible farm machinery is purchased.

He can not escape taxes, insurance, mortgage indebtedness, etc. But to make-concrete the conditions existing let us divide by 12,000,000 (the number of male-farm workers) an estimated possible \$5,000,000,000 remaining after taxes, insurance, and necessary property expenses are met.

We would have for each man per year for wages \$416 upon which himself and

family must subsist, and upon which three and a third persons must live.

This does not account for any earnings for the millions of women and older children who work in the fields, care for stock, milk cows, and do other farm work.

With no allowance for investment, the farmers of this country are not receiving this year a dollar a day for their labor.

MANUFACTURING INDUSTRIES.

Upon the other hand, let us take a look at manufacturing industries. It is well known that profits are at a low ebb and that enterprise is lagging everywhere.

But statistics prove the contention we make, that agriculture must not be discriminated against, or traded in this tariff bill, if justice is to mark its course.

There are 289,768 factories reported with 9,103,000 wage earners employed therein. Their capitalization is \$44,500,000,000 and their products last year amounted to \$63,000,000,000.

If we should make the same allowances that we did for the farmer, credit the owners 6 per cent for their investment and all other items a like consideration, we would have an earning for labor amounting to more than \$5,000 for each man per year. It must be admitted that in the grand total of \$63,000,000,000 manufactured products must be some pyramiding of figures, but not excessive.

Chicago alone claims to have manufactured products valued last year at \$6,500,-000,000.

We need not carry this analogy further, for we have no desire to arouse class antagonism, nor are we opposing a fair wage to American labor.

FOREIGN TRADE.

We do not place the importance upon foreign trade to our industries, that is being urged by the manufacturing industries upon Congress.

During normal times more than 90 per cent of our farm and manufactured products

are sold at home in the home market.

The cause of our business paralysis at this time is not because of lessened foreign trade, it is because of the utter impossibility of the farmers of the country to buy to consume their part of the 90 per cent from the factories of the country usually absorbed at home.

The 35,000,000 people on the farms of this country are consumers of manufactured stuff equal to the consumption of any other 60,000,000 of our population.

They buy not alone for their personal needs, but for the equipment and manage-

ment of 6,459,000 farms.

This home market has been paralyzed during the past few months because of the low price of farm produce, and it is that paralysis that has closed the factories of the

Had farmers received for their labor and products of the farm the seven or eight billions of dollars the shrinkage suffered in a single year all the business would have

been normal.

The economic circle would not have been broken. Seven billion dollars of money gives our banks \$50,000,000,000 resources and unnumbered billions of clearances. If, through a low tariff upon farm products, this home market shall be destroyed or seriously weakened, no foreign market can ever take its place.

EUROPEAN TRADE.

The low wages paid in the former manufacturing countries of Europe will for many years prove almost prohibitive competition to American manufacturers in their respective countries. If we shall be successful in protecting our own people against their competition in the United States we will have done much for the laboring men of America, whether such labor be in the factory or upon the farm.

SOUTH AMERICA.

As farmers we have heard the plea for the South American trade and that of other Southern Hemisphere countries. But with that plea we hear the corollary, that if we sell to them we must buy of them. That the ship that carries our manufactured goods to them must be loaded with their goods for sale to us upon its return.

As farmers, we are asking "with what commodities are such ships to be loaded?"

What have they to sell, but just such food and farm stuff as that produced by our

American farmers?

We are not numerously in Washington, the Nation's market place, at this time, because we can not afford the expense; but we are intensely interested in our fate. We have confidence that the Congress and its committees will accord to us fair treatment, but we have no confidence in those who would sell us to the Egyptians. We can not be fooled by the voice of Jacob and the hand of Esau, nor do we believe that Congress can thus be deceived.

THE DAIRY BUSINESS IN JEOPARDY.

I shall not enter the special fields to be covered by sxperts in various branches of the dairy industry. We are just coming to know the value to the human family that milk as a food has proven to be. The people I represent furnish one-fifth of the food supply of the Nation and the most essential food that is known. We are to-day producing more than 45,000,000,000 quarts of milk per year and receiving for it an average of less than 3 cents per quart.

We do not array ourselves against good wages for labor anywhere but we do want to have our condition as dairymen known. If the farmers were to drive their cows to the doors of our laboring men in other callings, offering them all the milk the cows produce for the mere act of milking the same, they would not perform that labor at the prices received by the farmer. The milking of the cows is but one-fifth the cost

to the farmer of the milk the cows produce.

Time does not permit a discussion of all the bearings the tariff offers to a relief of dairy farmers at the present time. But we do ask a duty upon milk and milk products; and a duty upon vegetable and other cheap oils and fats now being made into so-called substitutes for milk products, high enough to protect our honest dairymen in their most essential field of toil, such as will be presented by our member organizations who follow.

Senator Warson. Any brief that you desire to file and any witness desires to file will be received for the record.

Mr. HILMAN. Detailed briefs will be filed by the various members

who will follow me.

In closing, I wish to emphasize this point, gentlemen of the committee, that it is the producer who is most vitally interested in this protective tariff on dairy products at the present time, because he is the one whose price is made the first base on which the later operations are made.

Subsequently, the arguments which we will present before you

are based primarily upon the need of our farmers.

I wish to thank you, and state our other members will follow in order.

Senator Watson. Have you any particular order in which you desire these witness to appear?

Mr. Holman. We will follow the calendar list in the order they

Senator Watson. We will next hear Mr. George N. Putnam.

STATEMENT OF MR. GEORGE N. PUTNAM, PRESIDENT NEW HAMPSHIRE STATE FARM BUREAU FEDERATION, CONCORD, N. H.

Mr. Putnam. I represent the New Hampshire State Farm Bureau Federation, and also I desire to appear as a representative dairyman from New Hampshire, having been engaged in the dairy business all

my life and am engaged in it at the present time.

I want to call briefly to the attention of your committee the conditions of the farm people and farming conditions of New England. I think the New England farmers are more largely engaged in dairying than in any other single line of agricultural pursuits, and the prosperity of New England agriculture depends very largely on the prosperity of the dairy farmer. Dairy products are the one class of agricultural products which is produced in New England in large quantity to practically feed our people, and I want to call your attention to a few things in connection with our farmers. I want to quote from the Fourteenth Census, which shows the figures concisely. I will try to be as brief as possible and give you summaries rather than the situation from each State. I want to speak particularly for New England as a whole, and also for my own State. The census shows this: That from 1910 to 1920 the number of farms decreased materially in each New England State. In all New England from 188,802 to 156,564, or a decrease of 17 per cent as a whole. It might be said by some that this decrease meant the combining of the smaller farms, but it is not true, as the figures show, because along with the 17 per cent decrease of the number of farms in New England comes a decrease of 15.7 per cent in the cultivated acres.

In comparison with 1890 to 1900, which were normal times, the decrease was only 1.6 per cent for that entire period; while from 1910 to 1920 it was 17 per cent. For instance, Maine's farms decreased 1.6 per cent; New Hampshire, 13.2 per cent; Vermont, 11.2 per cent; Massachusetts, 11.5 per cent.

Senator Warson. That means cultivated farms?

Mr. Putnam. Answering that, it means in actual farms as reported in the census. For Rhode Island it was 12.9, and Connecticut 11.8 per cent.

Senator Jones. Have the farmers all gotten rich and gone into the

city to enjoy their incomes?

Mr. Putnam. No, sir. You will find this in regard to the conditions on the farms, and to my mind it is one of the reasons for the decrease in the farms, in fact I know it to be true, because I have lived on the farm on which I now live all my life. I was born there. When the boys grew up, other opportunities along other lines showed greater advantages to them, and they have simply left the farm and gone to the town, and as a result there are many instances in New England along the roads for miles where the average age of the farmer is away above 50 years. I could cite an instance along a road in New Hampshire on which I drove a few months ago, in a country some distance from my own, a distance of 2 miles there were just two farmers under 50 years of age.

Not only that, but farm after farm was unoccupied.

Senator Watson. Has farming decreased but dairying increased? Mr. Putnam. I know. I think you will find this: That from 1909 to 1919, while the production of milk in the country as a whole increased 18 per cent, in New England it decreased 2 per cent.

I want to call attention to statements showing the mortgaged condition of the farms in the last 10 years. From 1910 to 1920 the farm mortgages in the State of Maine increased 58.4 per cent; in New Hampshire they increased 42.9 per cent; in Vermont 89.6 per cent; in Massachusetts 42.8 per cent; in Rhode Island 10.2 per cent; in

Connecticut 50.6 per cent.

I want to call your attention to the farms that were mortgaged in 1890 to 1900, 1910 and 1920: In New Hampshire in 1890, 21.8 percent of farms were mortgaged as reported; in 1900, 2.5 per cent; in 1910, 25.6 per cent, and in 1920, 31 per cent; in Maine 22.1 per cent in 1890, 26.7 per cent in 1900, 26.8 per cent in 1910, and 29.8 per cent in 1920.

I am going to file this statement, as it applies to every New England State. In all New England States the number of farms that have been mortgaged have increased continually since 1890. While there was no large increase from 1890 to 1900, up to 1910, yet there has been a decided increase in the number of farms mortgaged in 1910.

Senator Warson. Mr. Putnam, we are more or less familiar with

those statistics. Could you come along to the dairy interests?

Senator Smoot. Your general idea is that for years in this country

the farmers have had the worst of the situation?

Mr. Putnam. For years; and for the last period of years in New England we have never faced such as we have faced in the past two years.

Senator Warson. We are perfectly familiar with those conditions throughout the country. If you can tell us why the rates on dairy

products in the Fordney bill are not satisfactory, if they are not, that

is what we are interested in.

Mr. Putnam. If you would allow me, I would just like to mention one point in connection with the decline in the number of farms and also the number of families, because some people may raise the question that the farms abandoned in New England are the farms that are situated back from the markets and which are not desirably placed properties on which to live. I want to mention one instance which is in my own town. The neighborhood of which I speak is within 6 miles of the statehouse at Concord, within 2 miles of a State road, and all these farms can reach stores and post offices and churches inside of 2 to 3 miles, and some of them within a mile; and years ago, perhaps 25 or 30 years ago, there were on these 13 farms which I speak of, right in one neighborhood, on one New Hampshire hill, where there is as good soil as there is in the State of New Hampshire, 200 heads of live stock kept, there are 50 heads. There were 65 people living on those farms, and there are now 12. Of the 13 farms there are 2 upon which live stock is kept, and there are now 6 children in that neighborhood, while, as I remember, years ago there were over 20 children, and a school was run there which is now abandoned.

I mention that just to bring out that one point that the abandonment of farms is not confined to those that are far back, but to those as well which are located, you might say, near to the markets. The reason the farms are being abandoned is because farming as a business is not as profitable as other lines of business have been, and when the boys grew up they left these farms and went to town or

into some other line of work for better wages.

Senator Jones. So that now the farmer in your section of the

country under 50 years of age is a curiosity?

Mr. PUTNAM. I would not quite state that, but I will say that the percentage of farmers who are under 50 years of age has decreased very, yery materially in the past 10 years. There is no question about it, and it is getting more and more that way.

Senator Warson. Is it your theory, those conditions being equal, that farming in New England is not as profitable as it was 25 years

Mr. Putnam. Dairy farming is not under present conditions. A few men engaged in the fruit industry for the past few years have been successful, because they have got good markets. But the dairy farmer, who is the man who stays there 365 days in the year—and I speak personally from my own experience, because I was born on the farm I am now on, and I say frankly to you gentlemen that the last three or four years have been the most unprofitable years and it was unprofitable because dairy cows have been unprofitable.

Senator Jones. State your age. Mr. Putnam. I was born in 1864.

Senator Warson. It would seem with the constantly decreasing number of farms and farmers and with the constantly increasing demand because of the increase of population in cities that prices would be enhanced.

Mr. PUTNAM. Yes; it is true. But competition coming from the outside has to an extent flooded the markets.

Senator Watson. That is the very feature we want to get at.

Mr. Putnam. I will cover that right here.

Senator Sutherland. Have not the younger people gone to Canada

to farm, where land is cheap?

Mr. Putnam. No, sir. Very few of our people have gone out of New England. They have gone into certain lines of industry in New England which have afforded them a better wage. For instance, I had a herdsman who had been with me 10 years, and a machine shop in my own town offered him better wages. He was not a machinist in any sense of the word; he never had done any work at all excepting on the farm. He worked on the farm all his life, a man 50 years old. He is now working in the machine shop because he gets more money than I can pay him.

Senator Sutherland. Is it not a union shop?

Mr. Putnam. No, sir. They are paying probably the union wages.

I should judge so.

It is true that the dairy business in Canada has increased very materially and the imports into this country from Canada have increased very materially. In 1913 there were 35,000 pounds of butter brought in from Canada into the United States, while in 1920 there were 9,000,000 pounds brought in.

Of cream in 1913 there were 800,000 gallons brought in, while in

1920 there were 1,300,000 gallons brought in.

Of milk there were 8,000 gallons brought in in 1913, and 1,500,000 gallons brought in in 1920. So we living near the dairy sections of Canada to-day have had to meet that competition.

Senator McLean. What do you get for milk now?

Mr. Putnam. Depending on where it goes, into the market—I can give you some figures a little later that will give you some enlightment on that.

Our business has not been unprofitable because we have sold off our cows down to the point where the overhead does not compare to the volume of business we do. The statistics show that the number of dairy cows in all New England has varied very little between 1910 and 1920. There were 841,698 cows in New England kept for milk in 1910, and 842,928 dairy cows over two years of age in 1920.

Senator Sutherland. While our population has increased? Mr. Putnam. Our population has increased quite materially.

Senator Sutherland. So the number of cows per thousand popu-

lation would be somewhat less?

Mr. Putnam. Yes; certainly. I have a chart here that shows some of these things. In my own State of New Hampshire, the total population in 1910 was 430,572, of which 256,439 were urban and 174,133 were country population. The country population includes all people living outside incorporated places; while in 1920 443,083 people, an increase of something like 11,000 people over 1910, 284,000 were urban as compared with 256,000 10 years ago, and 159,000 were country people compared with 174,000.

I want to bring to your attention just one sheet, which to my mind illustrates very clearly the reason why New Hampshire farms are being deserted or abandoned at the present time and have been, and while the number of people engaged in farming has decreased materially. This sheet is the result that we found by a survey taken on 12 herds distributed over different sections of New Hampshire, taken under the direction of the farm management representative

or State college, who was a State and Federal employee, going to these farms and taking the survey with the farmer, and the farmer keeping accurate accounts for years, these accounts being checked up monthly by the representative of a college, and it shows: I will give you the summaries. It shows in cost \$3.87 a hundred to produce milk on those farms and deliver it to the station where the party sold the milk. The standard market price in the tenth zone, which is comparable to these figures for milk shipped to the Boston market during this same period, which was from the beginning of April, 1920, to the end of March, 1921, was \$3.25 a hundred. That is what the farmers actually received who shipped their milk to the large contractors in Boston, delivered at their station.

Senator McLean. Per quart?

Mr. Putnam. Per hundred pounds—\$3.25 as compared with production cost of \$3.87.

Senator Watson. That is to say, he lost money?

Mr. Putnam. He lost 62 cents on every hundred pounds.

Senator Sutherland. How many gallon are there in a hundred pounds?

Mr. Putnam. A quart of milk weighs practically 2.15 pounds. Senator Watson. There are 46½ quarts to a hundred pounds?

Mr. Putnam. These cows produced 6.387 pounds of milk. They were exceptionally good herds. They were herds where a man had been keeping records for years and improving and using those records upon which to improve the herds. Therefore, the milk, 3,678 pounds is at least 1,387 pounds above the average for the State and probably even more than that. So they were profitable herds, taking them from a production standpoint, as we could expect to find, and very much better than the average. The loss upon each cow figured 62 cents a hundred, for the milk produced was \$39.60 per cow; the labor cost, 254 hours, at 40 cents per hour, or \$1.02 to produce 100 pounds of milk, and figuring the hours that the man put in, and taking out the loss here, the man who owned these cows got 16 cents an hour

for this labor by paying the hired men 40.

There is the reason why people are leaving the farms in New England. It is because the price received for their product does not give them the same wage they can get elsewhere; it does not even give the wage paid the farm hands whom they are hiring on the farm. have hired five men regularly, three married men and two single men, and I have not a man working for me—and I speak from actual experience—but what has drawn nearly double the wage I have in the past three years. I may say in years back, from 1900 to 1910, I have never seen a time but what I could get a living in the dairy But I tell you, gentlemen, it has been impossible to do it for the past few years, in doing a volume of business that requires the employment of men. If the small farmer with 8 or 10 cows in a small place is willing to work as those men did per small wage, raising some of the needs of life on his farm, he can, as we express it, "get by." But as a business proposition, dairy farming in New England has not proved for the past few years profitable and is not profitable at the present time, and unless something can be done to put that business on a basis to give reasonable life and compensation to the men who have got their money invested in it, we can not expect to hold the number of men on the farms that we have now, and instead

of being a decrease as we have done, that decrease will continue. It must be so, because people have got to live, and with the increased tax burdens and burdens all along the line it is impossible. Man after man is closing out all the cows he has, and this year he is closing them out at 50 per cent, and even less than 50 per cent of the price they are valued at in the census report taken a year ago.

We have got over \$1,000,000,000 invested in agriculture in New You will hear people say, New England, as it was put up to our representative who came out to meet one of the departments of the Government for the purpose of getting some money to take back into New England to help finance their business there, "We do not look upon New England as an agricultural section."

Senator Warson. Mr. Putnam, what does it cost the Canadian

farmer on the average to produce 100 pounds?

Mr. Putnam. Those figures will be submitted by a witness who follows me.

Senator Watson. Can you tell me whether it costs more or less? Mr. Putnam. It costs less materially, and we are here asking, and all we ask is a duty on dairy products that will put us on an equality in our markets with the Canadian producers.

Senator Watson. How much is that?

Mr. PUTNAM. Speaking from a dairy standpoint, I could figure it 10 cents a pound, and a duty that is comparable to that on milk, cream, and other products.

Senator Watson. If your figures are correct—and I have no doubt

they are—2 cents a gallon would not be protective to you at all.

Mr. Putnam. We are not asking for that. We are asking for something that will put us on an equal footing so we can hold for the

New England dairy farmer the dairy market.

I want you gentlemen to get this point in closing; that there is some agricultural business in New England; that we have \$1,000,000,000 invested; that dairying is the largest industry we have; and that the prosperity of New England agriculture depends on the prosperity very largely of the dairy farmer.

Senator SUTHERLAND. You are asking for 10 cents a pound?

Mr. Putnam. On butter, and a comparable basis on milk, cream,

and other products, figuring it out on the butter-fat content.

(The tables referred to and submitted by Mr. Putnam are here printed in full, as follows:)

Table 1.—Showing decrease in number of farms, 1910 to 1920. [Fourteenth United States Census.]

Number of farms. Per cent decrease. Decrease 1910 1920 11, 789 6, 530 3, 634 4, 916 1, 209 4, 160 48, 227 20, 523 29, 075 32, 001 4, 083 22, 655 60,016 New Hampshire Vermont Massachusetts 27, 053 32, 709 36, 917 5, 292 13.2 11.2 11.5 26, 815 11.8 156, 564 32, 238 188, 802 17.0

TABLE 1A.—Showing number of farms, 1890 and 1900. [Fourteenth United States Census.]

	1890	1900	Increase (+) or decrease (-).
Maine. New Hampshire Vermont. Massachusetts. Rhode Island. Connecticut	57, 391 25, 969 26, 835 29, 370 4, 125 22, 669	53, 496 25, 370 27, 252 31, 587 4, 229 21, 756	-3,895 - 599 + 417 +2,217 + 104 - 913
Total	166, 359	163,690	-2,669

Table 2.—Showing decrease in improved land in farms, 1910 to 1920.

	Ac	eres.		- Acr	es.
·	1910	1920		1910	1920
Maine. New HampshireVermont	2, 360, 657 929, 185 1, 633, 965	1, 977, 329 702, 902 1, 691, 595	Rhode Island	187, 344 988, 252	132, 855 701, 086
Massachusetts	1, 164, 501	908, 834	Total	7, 254, 904	6, 114, 601

Total decrease, 15.7 per cent.

Table 3.—Showing that the mortgage debt has increased in New England, 1910 to 1920.

[Fourteenth United States Census.]

	1910	1920	Increase.
Maine New Hampshire Vermont Massachusetts Rhode Island Connecticut	4,773,610 12,436,091 16,371,484	\$18, 592, 225 6, 820, 551 23, 575, 778 23, 412, 188 1, 494, 367 17, 860, 949	Per cent. 58. 4 42. 9 89. 6 43. 0 10. 2 50. 6
Total	58, 535, 508	91,756,048	49.1

Table 4.—Showing that the percentage of farm mortgages has increased, 1910 to 1924.

[Fourteenth United States Census.]

	1890	1900	1910	1920		1890	1900	1910	1920
New Hampshire Maine Vermont			25.6 26.6 46.9	31. 0 29. 8 50. 2	Massachusetts	30. 5 19. 1 31. 1	38.6 27.1 40.7		47. 3 32. 5 48. 2

Table 5.—Showing that country population has decreased and that urban population has increased, 1910–1920.

[State of New Hampshire, Fourteenth United States Census.]

Year.	Total popula- tion.	Urban.	Country.
1910.	430,572	256,439	174, 133
1920.	443,083	284,031	159, 052

[&]quot;Country population" includes all people living outside incorporated places. Estimated from census reports.

TABLE 6.—Number of dairy cows 1910-1920.

[Fourteenth United States census.]

	1910	1920	1	1910	1920
Maine New Hampshire	156, 819 101, 287	175, 425 95, 997	Rhode Island	23, 329 122, 853	21, 431 112, 62 2
Vermont	265, 483 171, 936	290, 122 147, 331	Total	841, 698	842, 928
Number of herds	pounds; at 40 cent	silage, 67 as per hou	nds of milk (Apr. 1, 1920,	Is \$1.07	12. 0 196. 5 \$2. 19
Price received per hundr	edweight	, shippir	ng station, same year	· · · · · · · · · · · ·	3.87 3.25
Loss per 100 pounds		• • • • • • • •			. 62
			cents 100 pounds		

Senator Watson. We will next hear Mr. Ness. Please give your name and state your residence.

STATEMENT OF MR. JOHN A. NESS, PRESIDENT MAINE DAIRYMEN'S ASSOCIATION, AUBURN, ME.

Mr. Ness. My name is John A. Ness; my residence Auburn, Me. Senator Watson. What is your business?

Mr. Ness. Farming. Mr. Chairman and honorable gentlemen, I have the honor to represent the dairy interests of the State of Maine here on this committee. In our appeal in support of the New England dairy tariff committee, asking a higher tariff on our dairy products, so that we can get a better living out of our industry, I will present to you actual figures, as taken from 17 different herds, giving the production and receipts for the product as received by these 17 different dairy farms. They are taken from various sections, from 9 of the different counties out of 16, so that we would get the average condition and not isolated condition. Of course, the reason why we are not giving figures from some other counties, for instance, Aristook, is because it is a potato section. But we have a relative comparison with the different counties that are more or less dairy counties.

A general statement of the whole matter to show you how those figures were gotten might interest you. A survey was made to determine the cost of pasturage, an inventory of the herd, buildings, and equipment was taken at the beginning of each account. Credit has been given for whole milk used on the farm at the same rate for milk sold; skim milk used on the farm credited; and credit given for manure and other things at uniform rates per cow per year on the

¹ Credits value of manure and calves.

basis of the number of cows in the herd. The use of buildings was secured by figuring 10 per cent of the value to cover interest, taxes, and depreciation; the use of equipment was also secured. Hay was charged at the actual market value, the farmer's own time at replacement cost of these hired help, not at what the farmer ought to get as owner and on investment as well as his time put in. The depreciation of cows was secured by adding to the value of cows on June 1, 1920, the value of all cows and heifers which freshened during the year and from that total deducting the value of the cows on hand May 31, 1921.

In the matter of feed, hay, silage, grain, and other things entering into the production of 100 pounds of milk, it was \$117.08. The human labor was set at \$50.87. Other costs, such as interest, taxes, insurance, depreciation on cows, use of fields, use of equipment, hauling milk, and horse labor was \$71.04, making a total cost per cow \$238.99. The total credits per cow other than milk amounts to \$29.50, the cost of milk per cow \$209.49, making a net loss per cow of \$38.21

Senator JONES. You say that that includes the depreciation. Do you mean that you took into consideration the difference in the market price or value of those cows?

Mr. NESS. Yes, sir; the exact conditions from June 1, 1921, when

an inventory was taken at the exact price at that date.

Senator Jones. How much was that depreciation owing to the

reduced value of the cattle?

Mr. Ness. Up to May 31—I could not say exactly, though not so much as it would be to-day. But detailed figures are at hand and will be given by some of the speakers, showing exact figures.

Senator Jones. If some one else is going to give it, very well, but I think that is a very important factor. I think some cows have depreciated that much in price, just for a single cow, and more.

Mr. NESS. The cows certainly have depreciated in price.

Senator Jones. There is no question about it, and I think the depreciation probably between those two dates in the value of the cows is as much as the total loss per annum that you figure there.

Mr. NESS. The depreciation as given by those figures, \$19.37 per cow, would mean that that is just about half the depreciation, and not the total.

The cost per hundredweight of milk is \$3.76; received per hundredweight for this milk was \$3.08, the average return per hour labor for the farmer gives simply 8 cents, or a little better, showing that, of course, there is considerable loss and has been in past years in support of our contention of the New England Tariff Committee in the bill as presented by them.

The point I would like you specially to note is the cost of milk per hundredweight, and this cost is a little better, or a little less than the average would be for the whole State, because of the production of milk. The production per cow as given here for these 17 different herds is 5,566 pounds of milk. The average for New England is 5,000 pounds or less.

The point I wish to bring out is the fact that there was a loss here of \$38.21 per cow, and the farmer only received for his labor 8.8

cents per hour spent in taking care of his cows.

(The summary of the cost of milk production referred to and submitted by Mr. Ness is here printed in full, as follows:)

A SUMMARY OF THE COST OF MILK PRODUCTION ON 17 MAINE FARMS FOR THE YEAR ENDING MAY 31, 1921.

[Compiled from the reports submitted monthly by 17 Maine farmers located in the dairy section of the State, by M. D. Jones, farm management demonstrator.]

GENERAL STATEMENT.

The data given in the following tables were computed from monthly reports furnished by 17 farmers. A survey was made to determine cost of pasture and bull service on each farm. An inventory of the herd, buildings, and equipment was taken at the beginning of each account. Credit has been given for whole milk used on the farm at the same rate as that received for milk sold. Skim milk used on the farm was credited at 30 cents per hundred. The credit for manure was made at a uniform rate of \$20 per cow per year on the basis of the number of cows in the herd each month. Use of buildings was secured by figuring 10 per cent of the value to cover interest, taxes, and depreciation. Use of equipment was secured by figuring 15 per cent on the value to cover interest and depreciation.

Hay has been charged at market value at the farm; labor at cost or in case of the farmer's own time, at replacement cost; grain and other items of cash expense have been charged at cost. Depreciation on cows was secured by adding to the value of cows on hand June 1, 1920, the value of all cows purchased and heifers which freshened during the year, and from this total, deducting the value of cows on hand May 31, 1921, plus the value of cows sold and slaughtered.

According to these records, the average cow lacked \$38.21 of paying expenses. In other words, the average farmer received 8.8 cents per hour for his time while working on dairy cows.

Cost of production.

[Number of herds 17. Number of cows 180.] Per cow basis: Feed—		
Grain, 1,893 pounds	33. 33 15. 89 3. 81 1. 14 . 82	
Total cost of feed per cow		\$117. 08 50. 87
Interest, taxes and insurance on cows. Depreciation on cows. Use of buildings. Use of equipment.	17. 29 3. 34	
Bull service. Ice. Hauling milk. Horse labor, bedding, and miscellaneous Total other costs per cow.	5. 48	71. 04
Total cost		238. 99
Manure Calves and calf hides Feed bags and miscellaneous	8. 70	
Total credits per cow		29. 50
Net cost of milk per cow		209. 49 171. 28
Net loss per cow. Cost of milk per hundredweight. Received for milk per hundredweight. Cost of milk per quart. Received for milk per quart. Average return per hour for labor used.	3. 76	38. 21

Total for 17 herds: Feed—	
Grain, 340,703 pounds	
Hay, 572,346 pounds 5, 999. 56 Silage, 723,715 pounds 2, 859. 72	
Silage, 723,715 pounds	
Corn stover, 64,198 pounds	
Other feeds, 35,912 pounds	
Pasture	
Total cost of feed for 17 herds	\$21,075.62
Labor: Human labor for 17 herds, 25,991 hours	9, 156. 43
Other costs—	
Interest, taxes, and insurance on cows	
Depreciation on cows	
Use of buildings	
Use of equipment	
Bull service	
Ice	
Hauling milk	
Horse labor, bedding, and miscellaneous	
Total other costs for 17 herds	12, 789. 23
Total cost	43, 021, 28
Credits (other than milk)—	40, 021. 20
, Manure	
Calves and calf hides	
Feed bags and miscellaneous	
Total credits for 17 herds	5, 310. 84
Net cost of milk for 17 herds	37, 710. 44
Production, 1,001,899 pounds, value	30, 831. 24
Net loss for 17 herds. Cost of milk per hundredweight. 3. 76 Received for milk per hundredweight 3. 08 Cost of milk per quart. 0809 Received for milk per quart. 0661	6, 879. 20

I have a letter here from one of the largest dairy systems in New England, the Turner Centre System, and they are also in favor of this tariff as supported by the New England Tariff Committee. If it is your pleasure I will read that letter. [Reading:]

TURNER CENTRE SYSTEM, Charlestown, Mass., November 12, 1921.

The New England Dairy Tariff Committee,

Boston, Mass.

Gentlemen: As a strictly cooperative dairying concern representing 4,000 producers of milk and cream in Maine and New Hampshire, we desire to go on record recommending a new tariff that equalizes the rates on milk and cream with the rates on butter. Our association is chiefly concerned in the marketing of New England products which under the present tariff is hard to do profitably. There is ample supply of milk and cream in New England to assure the public of a sufficient supply of these products without the Canadian shipments.

of these products without the Canadian shipments.

When you realize that 1 gallon of 40 per cent cream carries a tariff rate of only 10 cents while a pound of butter carries 8 cents, you can readily see the injustice our producers are suffering. One gallon of this cream will make 4 pounds of butter, hence the rate for cream on a comparative basis should be four times as much, or

32 cents per gallon.

Our entire interest in this matter is to secure more money for the New England producers of dairy products. By placing a duty as recommended on the foreign supply our producers would be able to market a greater amount of product. This

would mean better returns to New England producers without added cost to the consuming public. Hoping you may be able to assist us in this matter, we are, Very truly, yours,

TURNER CENTRE SYSTEM. WESTON B. HASKELL.

Mr. Ness. In support of our plea for a higher tariff I would like to substantiate what Mr. Putnam said in reference to the age of the farmer on our New England farms, and that is this: The dissatisfied young farmer who was ready to leave his farm has left his farm because right around us we have manufacturing industries that are paying wages which we can not pay on the farm's.

Senator Watson. Does the desire of the young man to live in the city and enjoy the society in general of city life and see the bright

lights have something to do with it?

Mr. Ness. The young fellow who has not got to the age of seriousness of life, yes. But it is the income consideration, that he could not live as he would like to live on the farm and have the enjoyments that a man ought to have to lead an honorable life.

Senator Jones. One of those advantages, so called, of the cities are added to the wage and considered a part of his wage; it is a part of

the inducement for him to go into the cities?

Mr. NESS. Yes; but primarily it is the wage. Senator Watson. You think primarily it is the wage?

Mr. NESS. Absolutely, I think so.

Senator Sutherland. That the schooling facilities have something to do with it?

Mr. Ness. The schooling facilities are taken care of in my own neighborhood. The children of the rural schools are taken into the cities and larger towns in conveyances. The school advantages are I will not make any comment here on that score.

Once the young man gets away from the farm, with the high wages and those inducements you speak of, with society life, where it costs a little more money to live and after he is once taken away it is harder to get him back.

Senator Watson. The committee will now take a recess until 2.30

o'clock this afternoon.

(Thereupon, at 12 o'clock m. the committee took a recess until 2.30 o'clock this afternoon.)

AFTER RECESS.

The committee met at the expiration of the recess, Senator James E. Watson presiding.

Senator Watson. Is Mr. Camburn ready to testify?

Mr. CAMBURN. Mr. Leach, of Vermont, was to appear next, Senator:

Senator Watson. Very well. You understand, gentlemen, that while one, two, or three Senators may hold these hearings, when we come to the consideration of these matters the briefs which you file with us are read. I stay at home every night of my life and read briefs, and so do the other Senators, when we are considering these measures, in order to arrive at a just conclusion. We really glean more information from reading the briefs or the testimony than we do from hearing the oral statement, unless there is some matter of

cross-examination which comes up. So that you must not feel that your time is wasted because the full committee is not present. There will be other members of the committee in.

STATEMENT OF JAMES A. LEACH, PAWLET, VT.

Senator Watson. Give your name and residence.

Mr. LEACH. James A. Leach, Pawlet, Vt. I am the owner of a dairy having 43 cows and am president of the Bennington County Farm Dairy Association. I am glad to know that the whole committee are going to be possessed of the facts that we bring. I am also glad that, as a citizen of Vermont and a farmer who is largely interested in the price and the markets of dairy products, I can come personally and add my bit of testimony and experience.

Senator Watson. Of course, you know that Senator Dillingham is

a member of this committee?

Mr. Leach. I know he is, and I am sorry that he is not here.

Senator Watson. He is not very well and is at home for a while. Senator McLean, of Connecticut, was here this morning and will be here this afternoon. He is familiar with the whole situation. fact, he is a dairy man himself. I know what his views are respecting this whole matter. Of course we have present an expert who takes notice of your facts and has many additional ways of arriving at a

conclusion himself and gleaning facts.

Mr. Leach. I thought it might be helpful to you gentlemen if you had my personal statement of my own experience on the farm from July, 1920, to July, 1921. The receipts and expenditures and the balance are shown on this page. I will not go into detail at all, but I just want to explain to you that I have 43 cows valued at \$100 apiece. I placed the valuation where I thought the valuation of a good grade cow should be placed. That does not represent the value of those cows, because a good many of them are pure breds and are worth considerable more money.

Senator Watson. Are they Jerseys?

Mr. Leach. Holsteins. Also, in the matter of depreciation on the dairy machinery and equipment and the cattle I have placed a figure of 10 per cent. That is a very small depreciation. I tried to be perfectly fair with my herd in this matter. I do not want to overdraw any of these statements. I am sure Senator Dillingham, who is familiar with this matter, will tell you that these are conservative

Senator Watson. How many cows have you?

Mr. Leach. Forty-three.

Senator Watson. How long have you been in business?
Mr. Leach. Fifteen years. The earlier part of my life I spent in merchandising in Nebraska and losing my health and coming back on the farm, which accounts for my gray hairs when I have only

been 15 years engaged in farming.

There is one other item which I would like to speak of which puzzles some people. It probably does not puzzle you. That is, how we dairy men manage to keep on living and doing business and losing money all the time. If you will look this through you will see that I raised 110 tons of hay worth \$20 a ton in the barn. I

placed the valuation on it in the barn, which is just what my provisions would have sold for at the barn. That is what I charged my I also had 220 tons of ensilage at \$5.50 per ton. Then I also raised quite a good lot of dairy feed, which I valued at the same figure that I had to pay for what I purchased. I will submit that statement. If there are any questions that you would like to ask I shall be very glad to answer them.

Senator Watson. Let the statement go into the record.

(The statement referred to was submitted by the witness and is here printed in full, as follows:)

Statement of James A. Leach, Pawlet, Vt., relating to the receipts and expenditures in connection with his dairy herd for the year July, 1920, to July, 1921.

RECEIPTS. Sale of milk \$6,398.76 Milk fed to 10 calves 250.00 Milk used in the home..... 109.50 30 calves, at \$3 each..... 90.00 10 pure-bred calves, at \$15 each..... 150.00 300 loads of fertilizer, at \$3 each..... 900.00 Total receipts.... 7, 898. 26 EXPENDITURES. 200 acres of pasture land \$6,000.00 43 cows 4,300.00 1 bull. Dairy machinery and equipment. 250.00750.0011, 300, 00 Interest on \$11,300 at 6 per cent. 678,00 Loss and depreciation: Pasture land, 5 per cent; stock and machinery, \$5,300..... 300.00 10 per cent..... 530.00 Insurance and taxes..... 172.431, 220.00 Supervision, 10 per cent, \$7,898.26 (receipts).... 789.83 110 tons hay, at \$20 per ton..... 2, 200, 00 220 tons ensilage, at \$5.50 per ton..... 1, 210.00 9, 904, 85 Total expenditures....

Mr. Leach. In a general way I would like to tell you what has come to me through my experience in the milk business.

Senator Warson. Suppose you had no Canadian competition? Mr. LEACH. We would have much more room for our surplus milk. That is what is troubling us.

Senator Watson. You think that your trouble arises from Cana-

dian competition in your industry?

Mr. LEACH. Very largely. The Danish butter that came into Boston quite seriously affected the price several times last spring, and, of course, we placed some of our product. Canada and Denmark seem to be the source of our troubles.

During the period of time that I have been a milk producer and been familiar with the Boston market I have seen the supply of the Boston market furnished from more and more distant points. That is, the supply has receded. Very soon after I began to produce milk the Boston dealers were coming into my territory 200 miles from Boston and buying milk. They went farther and farther away, until finally they got back into the 12,000 zone, as we call it up there, at St. Albans and up at Newport, Vt.; and in more recent years they have crossed the border and gotten into Canada.

What is the reason that the farmers object to their buying milk in

Canada 🤉

Senator Watson. Let me ask you, before you start on that: Do you know how far north of the border they go in buying milk for the

Boston market?

Mr. Leach. The Hood Co., with whose business I am more or less familiar, being a member of their surplus committee, the Vermont member, buys milk only from such a distance across the border as they can transport by teams over to their stations, but they go back quite far for cream. I am not positive, but I have been informed that milk comes in for some of the other Boston dealers from across the line—the Plymouth Creamery Co., for instance. They get it from quite a distance over the line. I know that milk comes in for the Hood Co. from quite a distance.

Senator Watson. Do they go over there to buy it because they can buy it more cheaply than they can buy it from the New England

producers?

Mr. Leach. Yes, sir.

Senator Watson. How much more cheaply can they buy it, on

the average, than they can buy it from you?

Mr. Leach. If you will pardon me, we have those facts all in black and white and they will be given to you exactly as they are.

(Senators McLean, Sutherland, Walsh, and Jones entered the

hearing room.)

Mr. Leach. We hear a good deal about abandoned farms in New England, and especially in Vermont, and we are likely to think that those farms ought not to have been settled in the first place, unless we know something about it first hand. I can tell you from positive knowledge that many of those farms ought to be producing at the present time and would be if the markets were right. What has happened? They are growing up to brush and growing less and less in value. Take, for instance, the town of Andover, which is a mountain town with Chester as its station. The taxes in that town are $4\frac{1}{2}$ per cent. A gentleman who was telling me about it said that there are very few farms. I was riding with him, and the roads are miserable. I said, "It seems to me that with $4\frac{1}{2}$ per cent taxation you ought to have better roads." He said, "There are so few of us to raise the money. The revenue is so small."

That is what is happening to those towns because of taking the market away from them and giving it to Canada and Denmark. Then, of course, along with that, comes the decrease in population. Our boys leave the farms and go to the cities, as Mr. Putnam has told you. They do not all go to the New England cities or the Vermont cities. Vermont is peculiar in this particular. I only want to call your attention to that. Vermont has not any large cities that offer the attractions that New Hampshire and Maine cities offer, so that our boys are likely to go to Boston or New York and out of our State. That is a serious problem with us in Vermont.

I have raised four boys and I gave them good farmer's advice. I raised them on the farm, and one of them is staying with me on the farm, and of the other three, two of them are already in cities and one of them plans to go. That is just an illustration of my own.

My neighbors are having the same experience.

There is another reason why we should keep our market within That is that it is impossible for us to have proper our own borders. We can not have any supervision, in fact, can not supervision. enforce any supervision in Canada, in regard to the surroundings in which the milk is produced; and we find a survey that we have made this past season that in Canada, as compared with New England. their facilities are very crude indeed. They have not ice houses or cooling plants. We call them milk houses, with plenty of cool water to cool the milk immediately after it is drawn from the cows. They have not those facilities there. There is no way of insisting on them or putting over any proper supervision up in Canada such as there is in our own country. Therefore the cream and the milk that come from Canada can not be as well prepared for the market. They have not the facilities to do that. Our cream and milk go in properly cooled and in a satisfactory and merchantable condition.

What are the conditions in Canada for market production? That is, what do we have to compete with in New England because of the lesser price in Canada? Canada can produce milk more cheaply, for one reason, because of its less careful production, less expense in providing ice houses and in cooling the product and taking care of it. That is quite a material item in the expense of producing milk. The mothers and the daughters and the children of the farm home in Canada are experts in the care of cattle and in milking. They assist very materially in the care of the dairy and in the milking of the cows, which is not true, of course, in New England; and I do not believe any of us want it ever to be true that our wives and daughters should do labor of that sort. We are facing it, of course, either that

or going out of the business.

Senator Warson. How is dairying in the State of New York as

compared with what it used to be?

Mr. Leach. I can not speak for the whole of the State, but my town borders on New York. Their conditions over the line are similar to those on our side of the line. It is a good milk-producing country. My county, Bennington, is one of the finest places on earth in which to produce milk. We have splendid mountain streams and cold springs and the grass is fine. We do not suffer much with drought there. We did not this season, although in some sections it was quite severe.

Senator Watson. What is your land worth, on the average?
Mr. Leach. I was offered for the farm, 341 acres, \$16,000. I put a valuation on the pasture land, you will notice in my statement, of \$30 an acre. I have a very good pasture. It might seem to Mr. Dillingham a little high, but I have an exceptionally good pasture and, of course, good pasturage means less grain.

and, of course, good pasturage means less grain.

Washington County is a good milk county. Borden's people buy great quantities of milk in Washington County for the New York

market.

It seems strange to say that our investigators in Canada found that the home comforts and conveniences on the farms there were greater than they were in New England. That proves this, of course, that those Canadians have made more money out of farming than we New Englanders have. It seems strange that they could do it, but that is the proof of it.

Senator Watson. Do they not have more fertile land than you

have?

Mr. LEACH. It is right in the dairy districts.

Senator Warson. Is the character of the soil quite similar?

Mr. Leach. I can not say. I was not one of the committee that investigated the matter, but I have always understood that the soil just north of our New England border, especially north of Vermont, is very rich. I suppose it is very similar to the soil in my State. Franklin County and those northern counties of Vermont are splendid counties—at least Franklin County is.

Speaking about the conveniences of the home in Canada, we made some notations and we have an exhibit, marked "Exhibit E," that will illustrate what was found there in connection with the farm homes as to conveniences and how it was that they could produce

milk more cheaply than we can.

Senator McLean. Are the people in Canada to whom you refer

French?

Mr. Leach. Yes. I know they are mostly or very largely French. Some of them came over the border, and I know the conditions along the northern border of Vermont where I have visited the production plants, and a great many of those families are French, and the same conditions prevail there along the border as prevail over the border.

Senator McLean. They have larger farms and do their own work,

I suppose?

Mr. Leach. That is the idea. They raise large families and hire no help scarcely. They all work, from the little tot, just as soon as it can begin to trot around the farm. They all have something to do, which is all right if they do not work too hard and if they do the right kind of work. We do not want our mothers and wives and daughters doing outdoor work in New England.

I was going to speak about the supply of milk. That is, of course, something that we must watch in order to see that our cities are going to have an abundant supply. I want to call your attention to the fact that \$94,000,000 worth of dairy products were sold in New England in 1919 from New England farms. A little more about

that later.

Our supply of milk and cream should come from New England. Milk and cream are very perishable. To have the milk shipped from great distances and to have the cities rely on far-distant points for their milk and cream you can readily understand would be almost sure to result in disappointment to the consumer very frequently. Milk can not be gotten in from long distances and compared with the New England product.

In regard to the supply, suppose the milk that entered into the manufacture of butter in 1919 had been kept as sweet cream for the market? We could have replaced the Canadian cream eleven times. That butter was made from eleven times as much cream as was brought in from Canada, and that amount was 416,000 gallons. That is, we could have supplied eleven times 416,000 gallons if we had

made it into butter. I refer you to Exhibit G, which substantiates that statement.

If we depend upon Canada for our sweet cream in increasing quantities and let Vermont continue to make butter and sell it as butter, and something should develop that made it impossible for us to get what cream we needed in Canada, the natural inference would be that we could turn to New England for some of this cream. That is not quite true, because the creameries and private manufacturers of butter usually contract their butter and they would be tied up in some sort of business arrangement possibly that would make it very awkward. People would be deprived of their cream perhaps at the time that they needed it most. You can not change from a butter-making arrangement to milk and cream production for the market without some little time, some little notice.

Senator McLean. Take the ice cream that is used in the large cities, such as Boston. It goes to other large cities. I think one of the witnesses who appeared here several months ago testified that that was a special use and one which could not be accommodated by the New England dairies; that there was not enough milk produced to satisfy this demand for ice-cream purposes. That is as I remember it.

Senator Warson. Yes; that is what the testimony was. Mr. Leach. Yes; I think I have heard that same story.

Senator McLean. It was stated that the cream that was used for domestic purposes and for butter had a separate commercial field by itself, and that unless they got the necessary cream from Canada

ice cream would be very expensive.

Mr. Leach. I do not think such a statement is justified by the facts. These facts that I have just cited would be sufficient to settle that question, I should suppose. But you know that the cream that is manufactured into ice cream can be held such a long time by freezing and by cold storage that I should not suppose there would be any chance of any difficulty. In fact, I know there would not be any chance of any difficulty. They turn butter back into ice cream and also powdered milk.

Senator McLean. Can you produce in New England sufficient to

satisfy the demands for both ice cream and butter?

Mr. Leach. Oh, yes; abundantly. That is what we want to do.

That is the contention of the farmers in New England.

Senator McLean. The idea is that if the dairymen in New England are forced to go into some other business, then the consumers in the cities will be at the mercy of the Canadian price, and, in the long run, people will have to pay a great deal more than they would if you had reasonable protection?

Mr. Leach. Exactly. The dairy business is not like a business that we could get out of to-day and go into something else to-morrow. We have our cattle. It takes three years to bring a calf up to production. It takes about four years, if you plan to have a dairy, before you have got any milk.

Senator McLean. Of course you buy a great deal of grain from

outside?

Mr. Leach. Yes, sir; we use a good deal of grain.

Senator McLean. Do you buy hay?

Mr. Leach. No, sir; I raised all my hay and all of my corn for ensilage.

Senator McLean. Is that generally true of the farmers there? That is generally so. It is generally so in New Mr. Leach. Yes. Hampshire, Vermont, Maine, and the States below us. them buy their hay where milk is produced near the large cities; but as a rule the New England farmer raises all his rough feed.

Senator McLean. Do you have any serious difficulty with the handlers of the milk? Do you deal through middlemen?

Mr. Leach. Yes, sir. The New England Milk Producers' Association have a price committee who sell the milk of the members of the New England Milk Producers' Association, which number about 70 per cent of the dairymen of New England. It really amounts to handling all of it, because the other fellows do just as they please. They are in the minority-

Senator McLean. Are you at the mercy of the middlemen?

Mr. LEACH. Oh, no, sir.
Senator McLean. You get fair treatment from them?

Mr. Leach. Yes. Through the New England Milk Producers' Association, who are our agents we have been able to sell milk fairly satisfactorily. It is not the manner that the milk is sold that troubles us; it is the losing or the taking away of the market for so much of our surplus milk that troubles us. The surplus market brings down the price of the whole thing.

Senator Watson. Statistics show, Mr. Leach, that the average price in 1920 in the New England States was \$4.29 per hundred

pounds.

Mr. Leach. That is delivered in Boston.

Senator Watson. \$3.30 in 1921.

Mr. Leach. Yes.

Senator Watson. How much do you get for cream?

Mr. Leach. I sell milk. I can tell you what I got for last month's milk-

Senator Watson. I am talking about cream.

Mr. LEACH. I beg your pardon.

Senator Watson. What is the price of cream?

Mr. Leach. I am not familiar with cream.

Senator Watson. You do not sell cream?

Mr. LEACH. No, sir.

Senator Watson. When you sell milk you sell the whole thing?

Mr. LEACH. Yes.

Senator Warson. The cream and the milk?

Mr. Leach. Yes, sir; the milk as it comes from the cow.

Senator Watson. How old is it before you sell it?

Mr. Leach. It goes every morning. The night's milk is held over in cold water. It is cooled immediately to the proper temperature and held.

Senator Watson. Do you sell the night milk and the morning milk both the next morning?

Mr. LEACH. Yes, sir.

Senator Watson. What do you get for it?

Mr. Leach. The figures are just out for the Hood Co., a Boston concern, for October. Milk, 2.855 for 3.7 milk in the tenth zone. That applies to my dairy.

Senator Watson. I do not know what you mean.

Mr. Leach. It is 100. If you divide that by 46½ you get the quart price.

Senator McLean. You know what it is, do you not?

Mr. LEACH. I shall have to figure it.

Senator Watson. It is 6 cents and a little over.

Mr. Leach. Let me further say that there are deductions to be made from that. It costs me 25 cents a hundred pounds to transport my milk to the railroad station.

Senator Watson. You mean by that that you get that right at

your farm?

Mr. Leach. No; I mean the price that I quoted is the Hood price at their railroad stations.

Senator Watson. At their stations on the railroad?

Mr. Leach. Yes, sir; where they receive the milk from the farm, and the station that I supply happens to be far enough away so that it costs me 25 cents a hundred to get my milk to the station. I presume that is about the average cost to the New England farmer the year round.

There is a further deduction. I just want to give you all the facts. I told you I was a Holstein man. My milk passes the butter test standard for the Massachusetts market, which is 3.35 butter fat to 100 pounds of milk. Mine will pass that; but in order to get this price that I speak of it should pass 3.7, which is 3½ points higher.

Senator Warson. What do you mean by that?

Mr. Leach. I mean that the selling standard that applies in our territory is 3.7 pounds of butter fat to 100 pounds of milk.

Senator Warson. That is the standard?

Mr. Leach. That is the standard that we sell by. The Massachusetts law calls for 3.35, but, as a matter of fact, the milk averages quite a good deal more than 3.35, and our agent decided on a 3.7 basis. The price per hundred has to be shrunken to three and a half times, either 4 or 5 or 6 cents, as it happens to be. I shrink my price on account of being under the 3.7 trading point anywhere from 15 to 25 cents a hundred more.

So that the price of between 5 and 6 cents is not quite as fancy as it

looks. I wanted you to get the facts.

We Vermont farmers would be nicely fixed if we could get 8 cents a quart at our doors. We could live as well as we should care to live. Senator Watson. Is that all?

Mr. LEACH. I think that is all.

STATEMENT OF O. M. CAMBURN, DIRECTOR OF THE DIVISION OF DAIRYING AND ANIMAL HUSBANDRY OF THE MASSACHUSETTS DEPARTMENT OF AGRICULTURE.

Senator Watson. Give your name, please.

Mr. Camburn. Mr. Chairman, I am O. M. Camburn, director of the division of dairying and animal husbandry of the Massachusetts Department of Agriculture, appearing as secretary of the New England dairy tariff committee with relation to the Fordney tariff bill, H. R. 7456, paragraph 709, on butter.

This committee is opposed to the rate given on butter of 8 cents, in the first place, because the relative costs of production between the

United States and competitive foreign countries show that a higher

duty is necessary to protect the United States producers.

In the second place, the increased price level on butter requires a higher rate to give the same ad valorem protection as obtained under former tariffs.

Comparing Canadian costs of production and New England costs

of production-

Senator Watson. You are speaking now of butter wholly?

Mr. Camburn. Costs of production as applied to milk, stated in terms of butter. We find a difference of 10 cents per pound in favor of Quebec. That is, it costs 55 cents per pound to produce butter in New England, and it costs 45 cents per pound to produce butter in the Province of Quebec.

Senator Warson. Wherein lies the difference?

Mr. Camburn. The difference lies primarily in labor costs. have used what is known as the Warren formula. The Warren formula is a formula developed by Dr. G. E. Warren, of Cornell University, which was used by the New York Federal Milk Com-

mission when they were serving during the war period.

When we take the Canada figures together in the Warren formula and apply the prices as relating to the Province of Quebec and the prices for New England generally, we find that the difference in the cost of production is 2.93 per hundred pounds of milk in the New England States and 2.45 per hundred pounds of milk in the Province of Quebec. That 100 pounds of milk is 3.7 per cent milk, which would be, stated in terms of butter, 4.4. That is, 4.4 pounds of butter would equal 55 cents per pound, and the Quebec costs of 2.45 would be the equivalent of 45 cents a pound on butter.

Some would probably say, and justly, that we should consider transportation rates on that and deduct those. So we find that in the zone 281 to 300 miles, which would be the Province of Quebec, the transportation cost on account of the butter is 0.0067 cent, and for the New England States, in the 201 to 220 mile zone, it is 0.0064, or a difference of 0.03 of 1 cent per pound. So when you subtract 45 cents, the cost of producing butter in Quebec, from the 55 cents, the cost of producing it in New England, we have 10 cents per pound reduced by 0.03 cent, or that would be 9.97, which is practically 10 cents a pound.

Therefore we feel that, due to these comparative costs, the butter interests of New England are entitled to protection to the amount

of 10 cents per pound on butter.

Senator McLean. About how would that affect the retail price of

butter?

Mr. CAMBURN. I am not inclined to feel that it would affect the retail price of butter, since the amount of butter imported from Canada and the amount of butter that goes back from the United States are about one and the same. It would simply keep the butter that we have here at home and afford a market for it so that it would not have to seek a foreign market.

Senator Watson. You produce the butter itself, do you?

Mr. Camburn. I was speaking in terms of butter, as that is the basis on which we are conducting our business from a butter standpoint. Later another party will present the equalization which we feel is desirable for milk and cream. We are taking butter as the

basis on which to establish and make an equalization.

May I correct the statement concerning imports of butter from Canada? For 1920 they were approximately 9,000,000 pounds. For 1919 they were about 9,000,000 pounds. The amount we exported is not as high as that. So that might be corrected in my earlier statement.

Senator Watson. You are speaking of butter?

Mr. Camburn. Yes, sir. The relative costs between the United States and Denmark will be pointed out by another party, but the American consul in charge at Copenhagen, Denmark, in a statement concerning the various items which enter into the cost of producing butter—feed, labor, and overhead costs—when compared with New England costs, showed that it cost 35 per cent more to produce butter in New England than it does in Denmark. I am speaking of that because a considerable amount of Danish butter has been coming into this country.

Another reason why we feel justified in asking for 10 cents on butter is on account of the increased price level. In 1897, when the market price of butter was about 20 cents per pound, a 6-cent duty was put upon it. At the present time, the prices ranging between 40 and 50 cents, we feel that a 10-cent duty is not excessive

in order to maintain the relative ad valorem duty.

Senator McLean. How does the cost of producing butter now compare with the cost of producing it in 1913, the year before the

Mr. Camburn. I have no data concerning that matter at the present time, Senator. You mean the comparative costs in Canada, Denmark, etc.?

Senator McLean. Yes.

Mr. CAMBURN. No: I have nothing on that.

Senator McLean. How does the price of butter now compare

with the price of butter before the war, in 1913 and 1914?

Mr. CAMBURN. That would be shown in this Exhibit C which will be given in the form of an exhibit to be presented as a part of this brief presented by the committee.

Senator Watson. What is the distance from Boston to the center of the Canadian area from which this product comes? I should like to get the difference in the freight paid by the people in Boston

and the Canadian people.

Mr. CAMBURN. The zone would be the 281 to 300 miles zone, between 281 and 300 miles for the Province of Quebec, while the center of the source for the New England States would be around the 200-mile zone. That is, for the year 1920. As Mr. Leach has stated, the source has been moving northward. In 1910 it was near to the city of Boston. In 1900, of course, it was still more close.

Senator McLean. I should judge from this chart that the price of butter went down to about 33 cents a pound early this season and that since then it has risen to something like 47 or 48 cents a pound.

Is that correct?

Mr. Camburn. Yes, sir. Senator Walsh. This year? Senator McLean. Yes. So that the price is higher now than it was several months ago. Perhaps that is due to the seasonal cost of

producing it?

Mr. CAMBURN. I was speaking of a range from 40 to 50 cents a pound in reference to the desirability of having a 10-cent rate on butter in order to maintain the relationship between the price of butter and the duty, in order to have an ad valorem protection similar to that given in 1897.

Senator Jones. The wholesale price of butter in Boston for the last

week in October was 47 cents.

Senator Walsh. What is the section of Massachusetts that produces butter?

Mr. Camburn. I am speaking for New England as a whole.

Senator Walsh. Is there very much produced in Massachusetts?

Mr. CAMBURN. Not a great deal.

Senator Walsh. It is very much scattered?

Mr. CAMBURN. It would be something less than a million pounds per year for Massachusetts as a whole.

Senator Walsh. In the western part of the State?

Mr. CAMBURN. In a general way, in the western half of the State. Senator Walsh. Is there much produced in New Hampshire? Mr. CAMBURN. Not as much, Senator, as there was 20 years ago.

Senator Walsh. What about Maine?

Mr. Camburn. Especially is that true of New Hampshire and Vermont, since those territories were originally cheese factory territories. Then, in time, they swung over to creameries. Those creameries became shippers of cream. Then, in time, after shipping cream, they swung to the shipping of fluid milk. So that in New Hampshire, where they formerly were making certain quantities of butter, we find little dairy farming but large quantities of milk being produced. You might say it is moving northward. In our exhibits is shown the range in 1910.

Senator Walsh. Is the range of butter moving northward too?

Mr. Camburn. Yes, sir.

Senator Walsh. Is there much butter produced in Maine?

Mr. CAMBURN. That is shown in our Exhibit G, page 4, for 1920 and 1919 per month by States.

Senator Walsh. How much is produced altogether in New England,

and what proportion is it to the consumption?

Mr. Camburn. Fifteen and three-quarters millions in 1919 and seventeen and two-thirds millions in 1920.

Senator Walsh. What is the consumption?

Mr. Camburm. We have no direct showing on consumption. I would not want to hazard a guess on it, Senator. Our production is relatively small as compared with consumption.

Senator Walsh. Less than 10 per cent? Mr. Camburn. Around that figure, I think.

Senator Jones. I have the statistics here for a few years.

Senator Walsh. I would like to have them at this point, Senator. Senator Jones. In 1919 the domestic production of butter was 1,556,785,222 pounds.

Senator Sutherland. For the entire country?

Senator Jones. Yes, sir.

Senator Sutherland. That is production?

Senator Jones. Domestic production. The imports for consumption were 3,020,399 pounds. The exports were 33,739,960 pounds.

For 1920 the domestic production was 1,600,000,000 pounds;

imports, 19,857,507 pounds. Exports were 27,155,834 pounds.

For 1921, to October 1—I have not the domestic production—the imports amounted to 12,172,730 pounds.

Senator Walsh. That is a substantial reduction.

Senator Jones. That is a substantial reduction; and the exports for the same period were 6,636,749 pounds.

Senator Walsh. That is a reduction also? Senator Jones. That is also a reduction. The import value of the butter was 42½ cents per pound. The export value was 40 cents per pound for 1921 to October 1.

I have here also in this table figures showing the substitutes, oleomargarine, the quantity produced and exported and the value of the

export and its value per pound.

Senator Walsh. You might let the stenographer put it right into

the record.

(The statement referred to and submitted by Senator Jones is here printed in full, as follows:)

Butter and substitutes—production, showing imports and exports.

Year.	Domestic production.	Imports for consumption.	Domestic exports.
1919	1,600,000,000	3, 020, 399	33, 739, 960
1920		19, 857, 507	27, 155, 834
1921 (to Oct. 1).		12, 172, 730	6, 636, 749

Imports 1921, valued \$5,158,095=42½ cents per pound. Exports 1921, valued \$2,679,807=40 cents per pound.

Substitutes, oleomargarine—production and exports.

Year.	Produced.	Exported.	Value of exports.	Value per pound.
1918 1919 1920 1921 (to Oct. 1).	326, 528, 839 359, 216, 565 391, 279, 512	20, 952, 000 18, 570, 000 2, 642, 036	5, 179, 000 6, 047, 000 543, 503	Cents. 28 28 28 20

Wholesale price of butter for week ending October 29, 1921.

[Cents per pound.]

Creamery, 92 score.	New York.	Chicago.	Phila- delphia.	Boston.	San Francisco.	Danish.	Canadian.
Monday	47½ 47½ 48 48½ 48½ 48½	44½ 45 45 46 46 46	47 48 48 <u>1</u> 49 49	46½ 46½ 47 47 47 47	46½ 46½ 46½ 46½ 46½	to 48½	to 46

Senator Walsh. Does anybody know how much of the butter came from Canada and how much from Denmark and other countries?

Senator Jones. Unquestionably the statistics of the Treasury De-

partment will show it.

Senator SUTHERLAND. We ought to have in the record the principal

countries from which we import our butter and the quantities.

Senator Walsh. Does the market in Boston get butter cheaper from Canada than from northern New York and from Wisconsin and other dairy States in the Middle West?

Senator Watson. This gives it for 1917.

Senator Jones. It gives it up until 1919. In 1919 there were imported from Canada 4,095,403 pounds, valued at \$1,843,511; from Denmark, 21,136 pounds, valued at \$18,087; from the United Kingdom, 1,323 pounds, valued at \$1,261.

Senator Sutherland. That is about \$1 a pound.

Senator Jones. Yes. From Australia, 3,265 pounds, valued at \$1,756.

Senator SUTHERLAND. There must be something wrong in connection with the valuation of the butter from the United Kingdom.

Senator Jones. From all other countries there were imported 9,342 pounds, at a value of \$4,517, giving a grand total of importations of 4,131,469 pounds, valued at \$1,869,132.

In 1920 the total importations were 20,770,959 pounds, valued at

\$10,916,770.

Senator Walsh. About 50 cents a pound.

Senator Jones. Yes; a little over that. So out of a total domestic production of 1,600,000,000 pounds, the importations amount to only

20,000,000 pounds.

Mr. Camburn. My recollection is, although I would not like to go on that recollection, that the Danish production represents about 50 per cent of the importation; but the foreign and domestic commerce reports would show.

Senator Walsh. Is that of a high quality?

Mr. Camburn. The very highest quality. The keenest competition that we have comes from Denmark. But that, I understand, will be taken care of by another party, coming either to-morrow or next week, a party who is quite well acquainted with the Danish market and is handling the Danish butter importation question.

Senator Walsh. Are you familiar with the Boston butter market?

Mr. Camburn. Some.

Senator Walsh. Where does the butter sold in the Boston market come from—chiefly from Canada or the Middle West?

Mr. CAMBURN. I have nothing here in regard to the quantities that are coming into the Boston market. I have no statistics on that.

Senator Walsh. I was wondering whether they got Canadian butter cheaper than Middle Western butter or New York butter.

Mr. CAMBURN. Some 9,000,000 pounds came from Canada, but what comes from the other States I do not know.

Senator Walsh. Into Boston?

Mr. CAMBURN. No; I mean into the country.

Senator Jones. I think it might be advisable to put into the record at this point our butter importations, beginning in 1910. In the year 1910 there were 1,360,245 pounds; in 1911, 1,782,600

pounds; 1912, 1,925,668 pounds; 1913, 1,162,253 pounds; 1914. 7,842,022 pounds.

That was the first year of the European War.

Nineteen hundred and fifteen, 3,828,227 pounds; 1916, 712,998

pounds: 1917, 523,573 pounds; 1918, 1,805,925.

Mr. Camburn. In part 29 of the hearings which were held before this committee one of the cream dealers was pointing out the fact that he was unable to secure some 50 jugs of 40 per cent cream. Fifty jugs of 40 per cent cream weighing 82 pounds to the jug does not sound like very much. However, he was rather disappointed it appears from his testimony, in not being able to locate that in three or four days' time, writing out to several of the creameries over

New England and not being able to locate it.

When you introduce 50 cans of 82 pounds each, it would be 4,100 pounds of cream. Forty per cent would be 1,640 pounds of butter To secure that amount of butter fat would require some 41,000 pounds of 4 per cent cream, which would be a high percentage. To produce that 41,000 pounds would require some 2,050 cows, if they were to produce on an average of 20 pounds a day. Of course, that is not a high production. So that the 1,640 pounds of butter fat, when made into butter, would represent almost a ton of butter—

1,968 pounds of butter.

It is not surprising that a milk dealer can not go into the country and expect to find in two days' time the production of 2,000 cows, or enough butter fat to be the equivalent of one ton of butter. A creamery which would have that amount of cream available would be in rather a serious condition. However, if they had anticipated the need for that cream it could have been secured as was shown by the replies of various creameries. The Robinson creamery at Exeter, N. H., stated on May 28 that nearly all might be taken as sweet cream, that they could use it as sweet cream. They were receiving 6,000 pounds of cream monthly.

The Clover Ridge creamery of Millville, N. H., stated on May 26 that if there were a demand for it "We would put in a pasteurizer and sell sweet cream entirely. At present our cream is all made into butter," desiring to sell sweet cream if there were a market there.

The United Farmers' Cooperative Association at Morrisville, Vt., stated that they were shipping 60 per cent of their cream as sweet

cream in 1920, and in 1921 it would be about the same.

Senator Walsii. This is in answer to the claim made by some persons who appeared from the wholesale market in Boston to the effect that they could get sufficient cream from the near-by markets during a part of the year, but that there were parts of the year. particularly in the summer season, when they were forced and obliged

to go to Canada because the supply was not sufficient.

Mr. CAMBURN. They were surprised at the fact that they could not write out to these creameries and secure from them an answer favorable to the shipping of 50 jugs of cream the next day. Had they anticipated that they wanted that cream in July or August and had arranged with those creameries previously, that supply is there, but the patrons need to be notified or at least be acquainted with the fact that the cream can be sold as sweet cream along in the previous winter, so that they can buy ice in order to take care of it and handle it satisfactorily so that it can be taken care of as sweet cream.

Senator Walsh. You contend that there is sufficient sweet cream produced to take care of the demand of the Boston market if proper notice is given to the producers so that they can store the proper amount?

Mr. CAMBURN. There is a sufficient supply of cream produced which could be taken care of as sweet cream, provided they knew in advance

and put up a supply of ice; yes.

Senator Watson. I notice that you are set down here as the director of the division of dairying of the Massachusetts Department of Agriculture. Is that correct?

Mr. Camburn. Yes.

Senator Watson. In the last 10 years has dairying increased or decreased in Massachusetts?

Mr. CAMBURN. It has decreased. The cow population in Massachusetts back a good many years ago was about 200,000. Last year it was about 153,000.

Senator Watson. Do you think it has decreased because of Ca-

nadian competition?

Mr. Camburn. That might be true, more especially recently. As we look at the conditions in 1900 and the sources from which milk came we find that Massachusetts was supplying a goodly share of that consumed in the city of Boston and that as time goes on the source continues northward, so that Massachusetts does feel the competition of Canada in the milk coming to the Boston market.

Senator Warson. Is any other reason operating to produce that

same result?

Mr. CAMBURN. I do not recall any at the present time.

Senator Walsh. Do you not think that the abandonment of country life for the industrial city life is largely or in part responsible for the depreciation in the number of cows and dairy farms?

Mr. CAMBURN. That might possibly be true in some localities. Some of the men this morning were pointing out the great draw

which the city had for the farm boy.

Senator Walsh. Do you not think also that the health laws and the rigid quarantine laws and laws requiring strict inspection have had a tendency to cause a lessening of farm products?

Mr. CAMBURN. It is desirable to have good inspection in order to

take care of the consumer.

Senator Walsh. I am not complaining about it; I am speaking of the results.

Mr. Camburn. When the milk supply comes from a foreign country—I trust it will never come to that, but there might possibly arise a time when we would not be able to carry on that inspection.

Senator Walsh. I am not complaining about it. I rather approve of it. But when I was governor of the State I recall that very frequently the farmers complained that the inspection was too rigid and that the visits of the inspectors were annoying and they were going out of the business because of the rigid laws for inspection and the attempt to improve the output.

Mr. CAMBURN. Of course there has been an evolution in the inspection the same as in many other things, so that those farms supplying milk to the city of Boston are now inspected by the dairy division of the city of Boston, and the farmer which you have just

spoken of is not bothered by the other inspectors unless his milk

is coming from a near-by source. So that the evolution there has been to a point where he has one or two inspections according to where his milk goes. If it all goes to Boston, he has one inspection.

Senator Walsh. Inspection laws were a very important factor

in one or two of the elections 5 or 10 years ago.

Mr. Camburn. That was before my time, Senator.

Senator Walsh. At that time there were a great many statistics given claiming that the inspection laws were discouraging farmers with one or two or three cows and driving them out of the business.

Senator Jones. Will you tell us about the inspection of the Canadian milk? Are the herds inspected up in Canada? Have

you any information about that?

Mr. CAMBURN. We have only some limited information on that.

Senator Walsh. I think, Senator Jones, there are some provisions which require inspection of the sources of supply and that they can or do go into Canada and inspect the conditions under which milk is produced.

Is not that true?

Mr. Camburn. Yes, sir. On page 5 of Exhibit A you will find a comparison of barn scores in Hereford, Quebec, as compared with milk in Vermont, showing that 21 per cent of the farms at Milton. Vt., fall below the score of 50 per cent, while at Hereford. Province of Quebec, 53 per cent of the farms fell below that score. At Shelburne, Vt., 42 per cent fell below, while at Sutton. Province of Quebec, 63 per cent fell below, showing that their dairy equipment is not up to the standard prevailing in New England territory.

Senator Jones. All of that milk is inspected in Boston, is it not?

Mr. Camburn. Oh, yes; on its receipt there.

STATEMENT OF W. H. BRONSON, REPRESENTING NEW ENG-LAND MILK PRODUCERS' ASSOCIATION, BOSTON, MASS.

Senator McLean. What is your occupation?

Mr. Bronson. New England Milk Producers' Association, Boston, in charge of their research department there.

Senator Walsh. How large is this association? Mr. Bronson. It has about 20,000 members. Senator Walsh. From all over New England?

Mr. Bronson. Yes, sir.

Senator Walsh. And they are engaged in the production of milk in small and large quantities?

Mr. Bronson. Yes, sir. Mr. Camburn has established a 10-cent rate on butter, we feel. wish to present the case from the standpoint of what the equalized rates would be on milk and cream with a 10-cent rate on butter.

Equalizing it on the butter-fat basis, 1 gallon of 40 per cent cream with a churn gain of 20 per cent would make something over 4 pounds With the 10-cent rate on butter that would call for 4 cents of butter.

a gallon on the cream.

The Fordney bill has given us a cent a gallon on milk, which shows that the milk is certainly not equalized with the butter rate. Even at 8 cents a pound on butter the equivalent rate on milk would be something over 3 cents a gallon.

Transportation costs from the center of production to Boston, for example, are one offset factor, making a difference of about one-half cent a gallon. The rate, therefore, we feel, to equalize that 10 cents on butter, should be $3\frac{1}{2}$ cents a gallon on milk.

The United States Tariff Commission, in their suggested——Senator Walsh. What is the House provision on butter?

Mr. Bronson. Eight cents, sir.

Senator McLean. How does the rate on cream compare with the rate on butter?

Mr. Bronson. I will take that up when I have finished with butter,

Senator

Senator McLean. All right, sir.

Mr. Bronson. The United States Tariff Commission, in their suggested reclassification and revision of sections of the tariff relating to agricultural products and provisions, page 13, paragraph 1, makes the statement—

If it is desired to levy a duty on butter equivalent to that on the milk it represents, the duty on 1 pound of butter should be 2.76 times the duty on 1 gallon of milk.

For example, suppose that the butter rate was 10 cents a pound, as we propose; then the equivalent rate on milk should be 10 cents divided by 2.76, which would give 3.6 cents. We are asking for 3½ cents.

We therefore feel that the 3½-cent rate on milk is correct from the equalization standpoint of a 10-cent rate on butter. It is just a matter of mathematics as to how much butter fat there is in milk. It is not debatable, as I see it. We have the United States Tariff Commission's statement to back up the rate that we ask for.

Equalization as applied to cream.

One gallon of 40 per cent cream with a churn gain of 20 per cent would make practically 4 pounds of butter. At 10 cents per pound on butter, the equivalent rate on 1 gallon of 40 per cent cream, considering transportation costs, would be 35 cents per gallon. The Fordney bill, on 40 per cent cream, gives a rate of 10 cents per gallon.

The transportation cost from the center of production in Quebec and the center of production in New England gives an offset of only about one-half cent a gallon, and we have allowed an offset of 5

cents a gallon over its equivalent on the butter-fat basis.

The same authority from which I quoted before, the United States

Tariff Commission, on page 11, paragraph 3, states——

Senator McLean. The rate in the emergency tariff is 5 cents a gallon on cream, is it not?

Mr. Bronson. Yes, sir.

Senator McLean. Is that satisfactory?

Mr. Bronson. No, sir. We are asking for 35 cents on heavy cream.

Senator McLean. You want 35 cents?

Mr. Bronson. Yes, sir. We have here a comparison of the rate in the Fordney bill and the rates for which we are asking.

(The comparison referred to and submitted by the witness is as

follows:)

Below in parallel columns will be found the rates allowed in the Fordney bill, and the rates proposed by the National Milk Producers' Federation to the Senate Finance Committee November 14, 1921:

What the Fordney bill allows.

Par. 707. Milk, fresh, 1 cent per gallon; sour milk and buttermilk, one-half of 1 cent per gallon; cream, having less than 30 per cent of butter fat, 5 cents per gallon; having 30 per centum or more of butter fat, 10 cents per gallon.

Par. 708. Milk, condensed or evaporated: In hermetically sealed containers, unsweetened, 1 cent per pound; sweet-ened, 1½ cents per pound; all other, 1¾ cents per pound; whole milk powder, 3 cents per pound; cream powder, 8 cents per pound; and skimmed milk powder, 1½ cents per pound; malted milk, and compounds of or substitutes for milk or

cream, 20 per centum ad valorem.
Par. 709. Butter, 8 cents per pound; oleomargarine, 8 cents per pound.

Par. 710. Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per centum ad valorem; cheese subsittutes, 5 cents per pound.

What dairy organizations want.

Par. 707. Whole milk, sweet or sour, 31 cents per gallon; cream, sweet or sour, having not more than 20 per cent of butter fat, 15 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional; skim milk, 1 cent per gallon; ice cream mixtures, unfrozen, having not more than 15 per cent of butter fat, 15 cents per gallon; for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional; frozen, having not more than 15 per cent of butter fat, 9 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat, 3 cents per gallon additional.

Par. 708. Milk, condensed or evaporated: In hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1½ cents per pound; whole milk powder, 3½ cents per pound; cream powder, 8 cents per pound; and skimmed milk powder, per pound; and skimmed milk powder, 11 cents per pound; malted milk and compounds of or substitutes for milk or

cream, 20 per centum ad valorem.
Par. 709. Butter, 10 cents per pound:
butter substitutes, 10 cents per pound.

Par. 710. ('heese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per centum ad valorem; cheese substitutes, 5 cents per pound; lactarene or casein, 4½ cents per pound (this article now appears on the free list); all other dairy products not otherwise provided for, 20 per centum ad valorem.

Senator McLean. Thirty-five cents a gallon on cream would be

the equivalent of 10 cents a pound on butter?

Mr. Bronson. Yes, sir; heavy cream, 40 per cent. We are putting that on a basis which makes possible the bringing in of cream testing

the lower percentages if they wish to. We have allowed for that.

As I started to state, the Tariff Commission, on page 11, paragraph 3, of the reference already cited, states that on the basis of physical equivalents, the duty on light cream would naturally be five to seven times that on milk, and on heavy whipping cream, about eight to ten times. At a rate of 3½ cents per gallon on milk, the equivalent rate on heavy cream would be from 29 cents to 36 cents per gallon.

Senator Jones. You have all these equivalents figured out here on

the basis of 10 cents per pound on butter?

Mr. Bronson. Yes, sir.

Senator Jones. And this is what you think would equalize the

other commodity on that basis?
Mr. Bronson. Yes, sir. We made a study to see what the difference might represent between a manufacturer or a creamery, for example, in Canada, manufacturing cream into butter in Canada and selling it in the United States, compared with sending the cream over to the United States and manufacturing it here. That study showed that a Canadian creamery within 60 miles of the United States border could, in September, 1921—we took the latest month we had—have made 21 cents per gallon more on shipping cream to the United States to be manufactured into butter here than it could be manufactured into butter in Canada and shipped to the United States for sale.

Senator Walsh. That is under existing rates?

Mr. Bronson. Under the rates as proposed in the Fordney bill.

Under existing rates I think it would be even higher.

This is of importance, for the reason that 70 per cent of the butter produced in Canada is produced in the two Provinces of Quebec and Ontario, and some 50 to 60 per cent of the butter is produced within 60 miles of the United Statees border. This proposition came up at the time of the old Payne-Aldrich Act, and the Turner Center System in Maine wrote to Senator Frye, of Maine, about the inequalities, and the Senator said it was too late, that the hearings were all closed and nothing could be done. Mr. Bradford, of that creamery, told me the other day, "We were situated as well as anybody was, and decided to go into the business ourselves."

I have their record, which shows that from 1910 to 1916 they shipped in over 4,000,000 pounds of butter fat from Canada to be manufactured into butter at their plants in Auburn and other points in Maine, thus evading the butter rate, and by paying only the 5 cents a gallon on cream when the butter rate was 6 cents at that time.

We feel that unless the cream and butter rates are equalized you will have that coming into operation—the operation of what they call line creameries, where cream is bought in Canada, carried across to the American side and manufactured into butter, paying the cream duty and evading the butter duty.

To show that the producers are not the only people who recognize this inequality, I want to call attention to one of the public trade papers which shows that they also recognize the inequality of the

cream and butter rates.

The New York Produce Review and American Creamery, published in New York, in its issue of July 6, 1921, page 562, has an editorial on "The New Tariff Bill," which, among other things, says:

One of the most apparent inconsistencies in this list is the relation of duties on butter and cream. A gallon of 29½ per cent cream weighs about 8.35 pounds and contains about 2.5 pounds butter fat. Thus the butter fat in this cream would enter the United States on a basis of only 2 cents a pound duty while a pound of butter fat entering the country as butter would pay duty at the rate of about 10 cents per pound. By skimming a very heavy cream (say 55 per cent) the duty per pound butter fat would be only slightly higher than with the thinner cream in spite of the 10 cents per gallon rate on creams testing 30 per cent or higher. This discrepancy should encourage the growth of gathered cream creameries along our northern border and would possibly lead to some interesting experiments in the practicability of shipping high test frozen or refrigerated sweet cream to this country from abroad.

That is the opinion of a recognized trade paper which ought to know something about equality between butter and cream rates and the possibility of gathered cream creameries and the shipment of cream to the United States from Denmark and other points.

Senator Walsh. That paper is not a farmers' journal, is it?

Mr. Bronson. No; it is a trade paper.

(The editorial referred to and submitted by the witness is here printed in full, as follows:)

[Fro.n New York Produce Review and American Creamery.]

THE NEW TARIFF BILL.

The new Fordney tariff bill introduced in Congress last week, representing the labors of the Republican Members of the House Ways and Means Committee, probably contains no more inconsistencies and inequalities in the imposition of duties on imports than may be normally expected under the methods of creating measures of this character inherent in our legislative system. As a general proposition our legislators are swayed in their judgment of a fair margin of tariff protection by the pressure exerted by and the urgency of the appeal of their constituents. Just at this time the voices of the American producer and American manufacturer prevail. Protection from cheaper foreign products is the more frequently heard demand; and higher duties are the order of the day. Our tariffs move up and down with the swings of popular sentiment. And as a rule a swing to higher rates is followed sooner or later by a downward readjustment at the command of the "ultimate consumer."

The vagaries of the proposed schedule of duties on the leading dairy products may be indicated by the following rough comparison: If a Canadian farmer with 100 pounds of 3.6 per cent milk sought a market in the United States, he would pay a duty of about 11½ cents to 12 cents if he sent us the milk sweet; a duty of about 5¾ cents or 6 cents if he sent us the milk sour; a duty of about 7½ cents if he separated the milk and sent us the cream testing 29½ per cent, and a duty of about 14½ cents if the cream, containing the same amount of butter fat, tested 30 per cent. If he churned the cream and sent us the butter, the duty would be about 33 cents. If he condensed the milk, the duty would range from 40 cents to 65 cents, and more according to the degree of concentration and the form in which shipped. If he dried the milk and sent us the powder, the duty would be about 38 cents or 40 cents. If he made it up into cheese worth less than 30 cents a pound, the rate would be in the neighborhood of 50 cents, while if the cheese were worth 30 cents to 60 cents a pound, the duties would range from 75 cents upward to over \$1.

One of the most apparent inconsistencies in this list is the relation of duties on butter and cream. A gallon of 29½ per cent cream weighs about 8.35 pounds and contains about 2.5 pounds butter fat. Thus the butter fat in this cream would enter the United States on a basis of only 2 cents a pound duty, while a pound of butter fat entering the country as butter would pay duty at the rate of about 10 cents per pound. By skimming a very heavy cream (say 55 per cent) the duty per pound butter fat would be only slightly higher than with the thinner cream, in spite of the 10 cents per gallon rate on creams testing 30 per cent or higher. This discrepancy should encourage the growth of gathered cream creameries along our northern border and would possibly lead to some interesting experiments in the practicability of shipping high test frozen or refrigerated sweet cream to this country from abroad.

The higher duties imposed on foreign eggs, in the shell, dried and frozen, will no doubt be appreciated by the Pacific coast poultry interests. They did not secure all they asked, but the barrier to cheap imports is perhaps sufficient to curtail the trade that was developing with the Orient.

The feature of the bill that we find most confusing is that section providing for an American valuation of imports on which duties are determined on an ad valorem basis. Cheese is the only dairy product that would be subjected to this bewildering proposition. It is proposed to value imports without regard to cost or replacement value at point of origin, but on basis of value in the United States on date of shipment. It is argued by Chairman Fordney that the new plan is more practicable and less objectionable than that prevailing at present, under which he claims invoices as evidence of purchase price are frequently fraudulently altered. But a reading of the new proposal gives no assurance that appraisers endeavoring to determine values here, often without evidence of value because of absence of comparable offerings, will be able to make as close approximations of values as those at point of origin of the imports. Under the plan an importer could not know in advance of shipment and hardly at time of shipment what duty he would be forced to pay.

In the case of cheese great confusion would arise because of the different method of figuring duties according to the value of the product. Since the appraiser alone can determine the value, the importer of cheese that is worth in the neighborhood of 30 cents could not be certain whether the duty imposed would be at the rate of 5 cents a pound or 25 per cent ad valorem. Of course, all this confusion will help the manu-

facturer of foreign types of domestic cheese, which since the middle war years have enjoyed the patronage of the American markets with little foreign competition, except

from Argentina on certain of the Italian styles.

The bill, if enacted in its present form, would probably effectively shut out important quantities of foreign butter, some types of cheese, condensed milk, and perhaps shell eggs also. Its passage would doubtless have a stimulating influence on food prices in this country.

Mr. Bronson. I have a statement here from one of the important cream dealers in Boston, metropolitan Boston, the David Buttrick Co., Arlington, Mass. They bring in anywhere from 100 to 500 or 600 cans of cream a day. Mr. Buttrick writes:

DAVID BUTTRICK CO., WHOLESALE CREAM AND BUTTER, Arlington, Mass., October 29, 1921.

Mr. W. H. Bronson,

New England Dairy Tariff Committee, 51 Cornhill, Boston, Mass.

DEAR SIR: With reference to your request for information regarding the tariff on cream and the equalization of the tariff rate on cream with the tariff rate on butter, we wish to make the following statement, augmented by a few figures, showing great range between cost of Canadian cream and American f. o. b. Boston.

1. Cream dealers in Boston buying in Canada have been able to obtain their cream for about \$3 per 10-gallon jug of 40 per cent cream, cheaper from Canada than from the United States, not considering the exchange rate. They pay a duty at present of 5 cents per gallon, which makes an offset of 50 cents per 10-gallon jug. This difference is three times made up by the difference in exchange rate.

The practice of course is to pay in Canada in Canada

The practice, of course, is to pay in Canada in Canadian money, and the exchange operates to the advantage of the cream dealer buying in Canada in that way [reading further]:

2. We feel that if the business is properly handled there is no reason why there should be a shortage of cream provided the Canadian cream was shut off from the Boston market, in that there is plenty of American supply to take care of the demand for table cream, and through the proper use of cold-storage facilities it is possible to take care of the ice-cream trade with cold-storage goods. During the past two years there has been no acute shortage. A shortage really affects table goods only, and is generally due to increased consumption of cream in ice cream. This condition is only a matter of a few hours and does not require Canadian receipts to relieve it.

3. We believe that since we sell our cream in the United States we should do our part to help move American goods by buying our cream in the United States rather than in Canada. If some dealers require Canadian goods, such goods should arrive in the market at an equal price and not at a price that jeopardizes the movement of

the American product.

4. We heartily approve of the tariff rate proposed by the New England dairy tariff committee which would give about 35 cents per gallon on 40 per cent cream. We believe that the tariff rate on milk and cream should be equalized with the tariff rate on butter.

Yours, very truly,

DAVID BUTTRICK Co. D. BUTTRICK.

Attached to this letter is a statement of the cost of 40 per cent cream per 10-gallon jug, f. o. b. Boston, buying in New England and buying in Canada for the last four months.

Senator McLean. What do you mean by 40 per cent cream? Mr. Bronson. Cream containing 40 per cent butter fat.

(The statement referred to and submitted by the witness is here printed in full, as follows:)

American cream (Boston market).

BASIS OF PURCHASE: BOSTON C. OF C. PLUS 20 PER CENT PLUS 4 CENTS.

Month.	Quota- tion.	Plus 20 per cent.	Plus 4 cents.	Cost B. F. in country.	Cost, jug, 40 per cent in country.	Plus trans.	Cost, jug, 40 per cent f. o. b. Boston.
_	Cents.	Cents.	Cents.	Cents.		Cents.	
July	40.5	8.1	4.0	52.6	\$17.36	54	\$17.90
August	42.4	8.5	4.0	54.9	18, 18	54	18, 72
September	43. 8	R. R	4.0	56.6	18.68	54	19. 22
October	46. 2	9. 2	4.0	59. 4	19.60	54	20. 14

Canadian cream (Boston market).

BASIS OF PURCHASE: FARNHAM BOARD PLUS 15 PER CENT PLUS 2 CENTS.

— Month.	Quota- tion.	Plus 15 per cent.	Plus 2 cents bonus.		w ber	Minus	Plus duty	Plus trans.	Cost, jug. 40 per cent f. o. b. Boston.
July August September October	Cents. 35. 6 39. 1 35. 4 36. 8	Cents. 5. 3 5. 9 5. 3 5. 5	Cents. 2.0 2.0 2.0 2.0 2.0	42. 9 47. 0	\$14. 16 15. 51 14. 09 14. 62	Cents. 1, 42 1, 55 1, 41 1, 46	Cents. 50 50 50 50	Cents. 60 60 60 60	\$13. 84 15. 06 13. 78 14. 26
BASIS OF PURCHASE:	MONTI	REAL C	QUOTA'	rion p	LUS 15	PER CE	NT PL	US 2 CI	ENTS.
July	37. 6 41. 1 37. 4 38. 8	5. 6 6. 2 5. 6 5. 8	2. 0 2. 0 2. 0 2. 0	45. 2 49. 3 45. 0 46. 6	\$14. 92 16. 27 14. 85 15. 38	.1. 49 1. 63 1. 49 1. 54	50 50 50 50	60 60 60	\$13.53 15.74 15.46 14.94

Mr. Broxsox. This point, it seems to me, is of some importance to the business men in Massachusetts, and especially in Boston. Under the present system of buying in Canada the money is paid, of course, in Canadian funds and the money goes to Montreal or Quebec. It does not come back to Boston, as far as freight is concerned. money that you pay the New England producers goes out from Boston. It goes to the producers. They take it to grain men or storekeepers or some one else in the village, and it comes back to Boston and increases the amount of trade done in Boston. That amounts to anywhere from twenty to thirty million dollars a year. We feel that from a business standpoint it is a good thing to keep that money in New England and keep it with the farmers. We have put a provision into our rates covering ice cream mixtures. We feel that possibly cream and butter fat might come into the country in the shape of ice-cream mixtures and pay the rate on butter and the rate on cream. We therefore put in a provision to cover that.

I am filing with the committee our complete brief.

Senator Walsh. Don't you think this editorial might well go in the record?

Mr. Bronson. Yes.

Senator Walsh. It points out admirably the inconsistencies of the different dairy products and how the present rates are going to work out.

Senator Sutherland. We will put it all in the record.

Mr. Bronson. I will file with the committee our brief. We have about a 30 or 40 page argument which gives all the facts and supports the brief. I do not know whether the committee will want that.

Senator Sutherland. I think it should be printed. This is an important matter to you people. It may be that it will throw some valuable light on the subject.

BRIEF OF THE NEW ENGLAND DAIRY TARIFF COMMITTEE, OPPOSING PRESENT TARIFF PROVISIONS ON BUTTER, CREAM, AND MILK.

Paragraph 709 of the Fordney tariff bill provides duties on butter and oleomarga-

rine as follows: "Butter, 8 cents per pound; oleomargarine, 8 cents per pound."

Paragraph 707 of the Fordney tariff bill provides duties on milk and cream as follows: "Milk, fresh, 1 cent per gallon; sour milk and butter milk, one half of 1 cent per gallon: cream having less than 30 per cent of butter fat, 5 cents per gallon; having 30 per cent or more of butter fat, 10 cents per gallon."

DEFINITIONS.

1. Butter.—United States Department of Agriculture defines butter as "the clean, nonrancid product made by gathering in any manner the fat of fresh or ripened milk

or cream into a mass, which also contains a small portion of the other milk constituents, with or without salt and containing not less than 82.5 per cent of milk fat."

2. Cream.—The same authority defines cream as "that portion of milk, rich in milk fat, which rises to the surface of milk on standing or if separated by centrifugal force. It is fresh and clean. It contains not less than 18 per cent of milk fat and not more than two-tenths per cent of acid, reacting substances, calculated in terms of lactic acid."

3. Milk.—Milk is defined by the United States Department of Agriculture as "the whole, fresh, clean, lacteal secretion obtained by the complete milking of one or more healthy cows, properly fed and kept, excluding that obtained within 15 days before and 5 days after calving, or such longer period as may be necessary to render milk practically colostrum-free.

OPPOSITION AND REASONS FOR SUCH OPPOSITION ON RATES ON BUTTER.

We are opposed to the present rate on butter because (1) relative costs of production between the United States and competitive foreign countries show that a higher duty is necessary to protect the United States producers; (2) the increased price level on butter requires a higher rate to give the same ad valorem protection as obtained under former tariffs.

RELATIVE COSTS, NEW ENGLAND AND QUEBEC, CANADA.

1. Based on the difference in the cost of milk production, considering transportation costs, it cost 10 cents per pound more to producer butter in New England that it does in Quebec. In April of 1921, the cost of producing 1 pound of butter in New England was 55 cents and in Quebec 45 cents, leaving a difference in favor of Quebec of 10 cents per pound. Transportation costs to Boston on a pound of butter are three one-hundredths of a cent cheaper from New England than from Quebec. Milk production costs are cheaper in Quebec than in New England, primarily because the cost of farm labor is lower in the former Province. (See Exhibit A for detailed costs.)

RELATIVE COSTS, UNITED STATES AND DENMARK.

1. Relative costs of production of butter between the United States and Denmark indicate that the cost of producing butter in the United States was 35 per cent higher than in Denmark in 1920, due primarily to cheaper labor costs in Denmark. (See attached detailed comparison of costs, Exhibit B.)

INCREASED PRICE LEVEL ON BUTTER REQUIRES HIGHER RATE.

1. In 1897, when butter sold for 20 cents per pound, a duty of 6 cents per pound was imposed. At the present price level of from 40 cents to 50 cents per pound, a duty of at least 10 cents per pound would be required to give the same ad valorem

protection. (See price chart, Exhibit C.)

In 1897 the cash wage of farm labor by the month with board in the New England States was from \$17 to \$18,1 while in 1921 the cash wage paid was from \$34 to \$53, more than double the wage in 1897. Other costs of farm operation have changed in like manner, and at the new level of prices and co.ts an increased specific duty on butter is required to give the same protection as was given in 1897.

OPPOSITION AND REASONS FOR OPPOSITION ON RATES ON MILK AND CREAM.

We are opposed to the present rates on cream and milk because (1) such rates as now carried in the bill are not equalized with the rate on butter. Our contention is that the raw materials, milk, and cream, from which butter is manufactured should not enter the country at rates which are not equalized with the rate on butter.

EQUALIZATION AS APPLIED TO MILK.

1. One gallon of 4 per cent milk (8.6 pounds) with a churn gain of 20 per cent would make 0.41 pound of butter. At 10 cents per pound on butter, the equivalent rate on 4 per cent milk, considering transportation charges, should be 34 cents per gallon. Transportation costs on 1 gallon of milk to Boston from the center of production in

New England, is \$0.042, while from the center of Canadian supply in Quebec is \$0.0485

per gallon, a difference in favor of New England of \$0.0065 per gallon.

2. The United States Tariff Commission 2 states that "if it is desired to levy a duty on butter equivalent to that on the milk it represents, the duty on 1 pound of butter should be 2.76 times the duty on 1 gallon of milk." With the duty on butter of 10 cents per pound as we propose, the duty on 1 gallon of milk to equalize with butter should be \$0.10 divided by 2.76, or 3.6 cents per gallon.

EQUALIZATION AS APPLIED TO CREAM.

One gallon of 40 per cent cream (8.3 pounds) with a churn gain of 20 per cent would make practically 4 pounds of butter. At 10 cents per pound on butter, the equivalent rate on 1 gallon of 40 per cent cream, considering transportation costs, would be 35 cents per gallon. Cream testing higher and lower percentages of butter fat should carry corresponding rates.

Transportation to Boston from New England and Quebec centers of production are respectively, per gallon, \$0.0545 and \$0.0605, a difference in favor of New England of \$0.006 per gallon.

The United States Tariff Commission in the authority quited on the previous page (p. 11, par. 3), states regarding equalization of cream and milk: "On the basis of physical equivalents, the duty on light cream would naturally be five to seven times that on milk, and on heavy whipping cream, about eight to ten times." At a rate of 3½ cents per gallon on milk, the equivalent rate on heavy cream would be from 29 cents to 36 cents per gallon.

2. After paying the duties now carried in the bill (pars. 707 and 709) a Canadian creamery within 60 miles of the United States border could in September, 1921, have made 21 cents per gallon more on shipping cream to the United States to be manufactured into butter here than it could to manufacture the cream into butter in Canada and ship the same to the United States for sale. The two Provinces of Quebec and Ontario produce 70 per cent of the butter manufactured in creameries in Canada and from 50 to 60 per cent of the butter manufactured in these two Provinces is produced

within 60 miles of the United States border. (See Exhibit D for details.)

3. The butter trade recognizes inequalities of cream and butter rates.—The New York Produce Review and American Creamery, published by Urner-Barry Co., New York, in its issue of July 6, 1921, page 562, has an editorial on "The new tariff bill," which, among other things, says: "One of the most apparent inconsistencies in this list is the relationship of duties on butter and cream. A gallon of 29½ per cent cream weighs about 8.35 pounds and contains about 2.5 pounds of butter fat. Thus the butter fat in this cream would enter the United States on a basis of only 2 cents a pound duty, while a pound of butter fat entering the country see butter, would new duty at the rete while a pound of butter fat entering the country as butter would pay duty at the rate of 10 cents per pound. * * * This discrepancy should encourage the growth of gathered cream creameries along our northern border and would possibly lead to some interesting experiments in the practicability of shipping high test frozen or refrigerated sweet cream to this country from abroad."

United States Department of Agriculture, Bureau of Statistics, Bulletin 99, p. 33.
 Suggested reclassification and revision of sections of the tariff relating to agricultural products and provisions, p. 13, par. 1, prepared by United States Tariff Commission.

4. Butter duty will be evaded unless cream carries a duty equalized with butter.—With the cream duty of 5 cents per gallon as in the Payne-Aldrich Act or free as in the Underwood bill, it was profitable to ship cream from Canada to the United States and then manufacture the cream into butter. One New England creamery (the Turner Centre System) of Auburn, Me., brought in over 4,000,000 pounds of butter fat for this purpose from 1910 to 1916.

5. Ice-cream mixtures.—Cream might enter the country by the addition of sugar as an ice-cream mixture and thus evade the rates on cream. We contend, therefore, that this combination now becoming of commercial importance should carry rates

equalized with the rates on cream on a butter-fat basis.

HISTORY OF DAIRY INDUSTRY IN NEW ENGLAND AND CANADA.

1. For the past 20 years the source of Boston's supply of milk and cream has been moving farther and farther away with the decreased receipts from near-by Massachusetts, Connecticut, and southern New Hampshire. (Shown by the chart, Exhibit E.) The reason for this change was the cheaper production costs in the area farther from the market. The next change which is now taking place is tapping of Quebec, Canada, for milk and cream. This is undesirable for the reason that (1) it results in large areas of farm land in New England, which should support dairy herds, growing up to brush and timber with their owners moving to cities for employment, (2) it results in the obtaining of absolutely essential food products from a foreign country where it is difficult to properly supervise the sanitary conditions of production.

2. A recent survey of conditions of dairying in New England and Quebec show that sanitary facilities for producing milk, such as ice houses and milk houses, are much less numerous in Quebec than in New England. This survey also showed that the standard of living in Quebec is lower than in New England when measured by the question as to whether or not the wife and daughters help milk and higher than in New England when measured by the question as to whether or not the house has conveniences such as running water, furnaces, and bath rooms. The presence of these latter conveniences indicates more profitable dairy production in Quebec than in New England. (Exhibit F for details.)

3. From 1900 to 1920 the population of New England increased from 5,600,000 to 7,400,000, an increase of one-third, while during the same period the number of dairy cows decreased from 893,000 to 843,000, a decrease of 50,000 in 20 years. In 1910 there were 189,000 farms in New England, while in 1920 only 156,000 are reported, a decrease of 17 per cent in 10 years. There is a like decrease in the acres of improved land.

4. During the period from 1900 to 1919, the production of butter in Canada increased from 36,000,000 pounds to 104,000,000 pounds, and from 1917 to 1919 the number of cows supplying creameries increased from 1,102,000 to 1,648,000 Quebec increasing from 546,000 to 565,000, and Ontario from 445,000 to 747,000.

NEW ENGLAND MILK, CREAM, AND BUTTER SUPPLY.

1. Dairy products sold from New England farms in 1919 amounted to over \$94,000,-000. Milk and cream need to be produced near the point of consumption because of their perishable nature and New England now produces sufficient of these dairy products to supply her needs without receipts from Canada. In 1919, when 416,000 gallons of cream were shipped from Canadian points to Boston, the butter produced in New England creameries would have provided 4,500,000 gallons of 36 per cent cream or eleven times the amount necessary to replace the Canadian shipments. (Exhibit G.)

2. The turning of the cream now used for butter to supplying the sweet cream trade, can not be accomplished in a few days when a cream dealer buying in Canada finds himself short. With a sufficient knowledge of increased market demands for sweet cream, a New England producer now making sour cream or farm butter would care for his product better so as to supply sweet cream. The butter produced in New England would have supplied nine times the amount of cream needed to replace Canadian cream shipments to Boston for the month of shipment (June). This butter would have provided a large amount of additional milk if more milk had been needed.

IMPORTATIONS OF MILK, CREAM, AND BUTTER FROM CANADA TO UNITED STATES.

The importations of butter from Canada (United States Foreign and Domestic Commerce Report) increased from 351,000 pounds in 1913 to over 9,000,000 pounds in 1920, at the same time the Reports of the Trade of Canada (years ending March 31)

report increases in the exports of milk from Canada to United States of from 8.000 gallons in 1913 to 1,500,000 gallons in 1921. During the same period the imports of cream from Canada increased from 800,000 gallons in 1913 to 1,300,000 gallons in 1921. Of this importation of milk and cream 94 per cent of it came from the Provinces of Quebec and Ontario through the Vermont and St. Lawrence customs districts. Due to the cheaper production costs in Canada, the excellent markets in New England are being lost to the New England producer. This has resulted in a decrease in number of farms and cows and general lack of prosperity in the dairy sections of New England. (Exhibit H.)

TARIFF SCHEDULE DESIRED.

1. For the reasons already outlined in this brief we desire the following paragraphs to read:

"PAR. 709. Butter, 10 cents per pound; oleomargarine, 10 cents per pound.

"PAR. 707. Whole milk, sweet or sour, 32 cents per gallon; cream, sweet or sour, having not more than 20 per cent of butter fat, 15 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional; skimmed milk, 1 cent per gallon; ice-cream mixtures, unfrozen, having not more than 15 per cent of butter fat, 15 cents per gallon, for each additional 5 per cent or fraction thereof of butter fat, 5 cents per gallon additional; ice-cream mixtures, frozen, having not more than 15 per cent of butter fat, 9 cents per gallon, for each additional 5 per cent of butter fat, 3 cents per gallon additional.

TARIFF SCHEDULES ON OTHER DAIRY PRODUCTS.

1. In conjunction with other dairy organizations in the United States who have or will present facts to support rates desired, we ask that paragraphs 708 and 710 be

changed to read:

PAR. 708. Milk, condensed or evaporated: in hermetically sealed containers, unsweetened, 1 cent per pound; sweetened, 1½ cents per pound; all other, 1½ cents per pound; whole milk powder, 3½ cents per pound; cream powder, 8 cents per pound; and skimmed milk powder, 1½ cents per pound; malted milk and compounds of or substitutes for milk or cream. 20 per cent ad valorem.

"PAR. 710. Cheese, valued at less than 30 cents per pound, 5 cents per pound; valued at 30 cents or more per pound, 25 per cent ad valorem; cheese substitutes, 5 cents per pound: lactarine or casein, 4½ cents per pound (this article now appears on the free list); all other dairy products not otherwise provided for, 20 per cent ad valorem."

COMPOSITION OF THE NEW ENGLAND DAIRY TARIFF COMMITTEE.

1. The New England Dairy Tariff Committee represents the following farm organizations in New England: The Grange, the State farm bureaus, the State dairymen's associations, the State departments of agriculture, the State agricultural colleges, and the New England Milk Producers' Association. The personnel of the committee is as follows: W. N. Cady, Vermont State Grange, chairman; O. M. Camburn, director of dairying Massachusetts Department of Agriculture, secretary; J. W. Alsop, Connecticut Dairymens' Association: H. N. Sawyer, New Hampshire State Farm Bureau; M. D. Jones, Maine Agricultural College; G. R. Little, Eastern New York Milk Producers; J. J. Dunn, Rhode Island State Department of Agriculture; and W. H. Bronson New England Milk Producers' Association son, New England Milk Producers! Association.

EXHIBIT A.

RELATIVE COSTS, NEW ENGLAND AND CANADA. •

COST OF PRODUCTION.

1. Milk.—The duties on dairy products are based upon costs of producing milk in the New England States and the Province of Quebec, as determined for the month of April, 1921. Accordingly, the cost of producing milk in the New England States and the Province of Quebec was as follows:

·	Per 100 pounds.	Per gallon.
New England States Province of Quebec	\$2, 93 2, 45	\$0, 252 . 211
Difference in favor of Quebec.	. 48	. 041
2. Cream.—Based on these costs of 100 pounds of milk, the co	et of proc	lucing 1
gallon of 36 per cent cream is as follows: New England States		\$2. 04
New England States		\$2. 04 1. 64
Province of Quebec		\$2. 04 1. 64 40

4. Transportation costs.—The transportation costs on dairy products from New England centers of production and Province of Quebec to Boston, are as follows:

Difference in favor of Quebec.....

Freight charges on dairy products from centers of production to Boston, Mass.

	Milk.		Cream.		Butter
	Zone.	Per gallon.	Zone.	Per gallon.	per pound.
Province of Quebec. New England States.	Miles. 281-300 201-220	\$0.0485 .0420	Miles. 281-300 221-240	\$0.0605 .0545	\$0.0067 .0064
Difference in favor of New England		. 0065		. 0060	. 0003

These differences in transportation costs which favor New England should be sub-

racted from the differences in costs as given above to obtain the tariff protection needed to offset differences in cost of production.

5. Method of obtaining costs.—The milk costs are based on the "Warren formula" for the quantities of feed and labor required to make 100 pounds of milk, to which have been applied feed and labor costs in the two areas. The "Warren formula" is used as a measure of cost of milk production, with the same quantity figures applied in each case, with the exception of "overhead" costs.

According to the "Warren formula," the cost of producing 100 pounds of milk in

the New England States is as follows:

TABLE I.—New England States cost per 100 pounds (Apr. 15, 1921).

Grain, 33.79 pounds, at \$41.20 per ton. Hay, 43.3 pounds, at \$21.40 per ton. Other dry forage, 10.8 pounds, at \$10.60 per ton. Silage, 92.2 pounds, at \$8 per ton. Other succulents, 8.3 pounds, at \$8 per ton. Labor, 3.02 hours, at \$0.235 per hour.	. 463 . 057 . 369
Total (representing 79 per cent of cost)	2. 312 2. 930

^{1 &}quot;Warren formula" was developed by Dr. G. E. Warren of Cornell University and used by the New York Federal Milk Commission during the war in determining production costs.

Again applying the "Warren formula" to the Province of Quebec prices, the following was found to be the cost of producing 100 pounds of milk in Quebec:

TABLE II.—Province of Quebec costs per 100 pounds, Apr. 15, 1921.

[Expressed in Canadian money.]

Grain, 33.79 pounds, at \$43 per ton.	\$0,726
Hay, 43.3 pounds, at \$20 per ton.	. 433
Other dry forage, 10.8 pounds, at \$10 per ton.	. 054
Silage, 92.2 pounds, at \$6.40 per ton	. 295
Other succulents, 8.3 pounds, at \$6.40 per ton.	. 013
Labor, 3.02 hours, at \$0.187 per hour.	. 565
,	
Total (representing 85 per cent of costs)	2.086
Final cost, including overhead	2. 45

6. Sources of costs.—The prices for grain, hay, and labor in the two areas were obtained by surveys made during April in Canadian territory from which cream is shipped to the Boston market and from representative territory in the various New England States, supplemented by a more detailed cost of labor and prices charged for grain study made by the New England Milk Producers' Association.

7. Grain and hoy.—Grain and hay prices in the Province of Quebec were somewhat

higher than prices in the New England States, as the following comparison of prices

will show:

TABLE III.—Grain and hay prices.

Feed.	Quebec.	New England States.
Corn meal per 100 pounds. Ground oats per 100 pounds. Linseed meal per 100 pounds. Wheat bran per 100 pounds. Clover hay per ton	\$2.00 2.20 2.75 1.90 20.00	\$1.80 2.12 2.64 1.87 21.38

Based on the above grain prices, the cost of a balanced ration in Quebec would be \$2.15 per 100 pounds of grain and \$2.06 in the New England States. The prices for hay in the New England States are from the Crop Reporter, published by the United States Department of Agriculture, in which the prices for the different States are weighted on the basis of the importance of the dairy industry, as shown by the production of milk reported by the United States census for 1920, for each State. These weights applied are as follows:

Table IV .- Milk production in New England.

[Fourteenth United States Census.]

	Quantity of milk.	Per cent.
Maine	42,356,285 122,095,734	21 11 34 20 14
Total	373, 539, 496	100

^{8.} Silage.—From cost accounts kept in the New England States by the various New England colleges it has been determined that the cost of producing silage is \$8 per ton. As labor is the principal item in the cost of producing silage, and the labor costs in the Province of Quebec were found to be 20 per cent lower than the New England States, the cost of silage in Quebec was figured at \$6.40 per ton.

9. Labor.—The results of the survey in the Province of Quebec showed that the average cash wage paid farm labor in April, 1921, was \$36 per month and the average cost of board was estimated by farmers as \$22. This makes the total cost of hired labor in the Province of Quebec \$58 per month. The farmers of Quebec estimated that their labor worked from 11 to 13 hours per day, which would give a total number of hours worked per month of about 310. This gives a cost per hour of hired labor as 18.7 cents. Labor costs in the New England States are based on returns from some 300 farmers scattered throughout the New England States, and the returns from the individual States weighted upon the importance of the dairy industry. The weighted cash wage paid per month for "month labor boarded" in the New England States was \$44. The estimated cost of board was \$29, making a total of \$73. The number of hours worked was found to be 310 per month, which gives a cost per hour of labor of 23.5 cents in New England.

Wages paid farm labor have been consistently lower in Quebec than in the New

England States, as shown by the table below.

Table V.—Cash wages paid per month for farm labor.1

	Cash wages.					
	Quebec, Canada. ²	New England States.				
•		Maine.	New Hamp- shire.	Ver- mont.	Massa- chusetts.	Connec-
1910 1914 4915 1916 1917 1918 1919	\$14 12 12 15 27 28 35 40	\$34 26 26 29 36 46 49 57	\$36 25 25 29 33 42 45 55	\$35 26 27 30 35 43 45 52	\$37 25 25 30 38 43 45 55	\$36 23 25 30 35 44 45 56

TABLE VI.—Results of investigation made by the New England dairy tariff committee, 1921,

	Quebec.	Maine.	New Hamp- shire.	Ver- mont.	Massa- chusetts.	Connecticut.
CashBoard	\$36 22	\$47 26	\$53 28	\$41 27	\$42 33	\$34 36
Total	58	73	81	68	75	70

¹ Quebec, from the Monthly Bulletin of Agricultural Statistics for February, 1920 and 1921, published by the Dominion Bureau of Statistics. New England States, from the Monthly Crop Reporter, United States Department of Agriculture.

¹ Monthly cash farm wages in Quebec were arrived at by dividing the annual wages and board, reported for males, by 12 and subtracting therefrom the value of board. The price of board is reported as: 1910, \$12; 1914, \$13; 1915, \$13; 1916, \$16; 1917, \$17; 1918, \$20; 1919, \$23; 1920, \$24.

10. Other costs.—The percentage of total costs represented in feed and labor is estimated at a larger amount in Quebec than in New England, for the reason that a study of housing, dairy equipment, and cow interest and depreciation charges show lower costs for these items in Canada than in New England. This study, made from the Boston (Mass.) dairy division, shows the following barn scores for representative areas in Quebec and the New England States, both of which have been shipping milk to Boston for the same period of time:

TABLE	VIIBarn	scores-1	Vermont	and	Quebec.

Locality.	Number	Per cent of farms	Range	A verage
	of farms	scoring under 50	of	score of
	-scored.	per cent.	score.	70 farms.
Milton, Vt. 1 Hereford, Quebec 1 Shelburne, Vt. 3 Sutton, Quebec 3	. 70	21.43 (15 farms) 52.85 (37 farms) 42.85 (30 farms) 62.85 (44 farms)	39. 206	53. 67 49. 10 49. 69 47. 54

¹ Milton, Vt., and Hereford, Quebec, old territory, shipping to Boston for some time. ² Shelburne, Vt., and Sutton, Quebec, new territory, shipping to Boston only recently.

These barn scores indicate that the cost of housing cows and equipment for handling of dairy products is lower in Quebec than in the New England States. The survey of Canadian farms indicated a like condition.

Table VIII.—Conditions for sanitary production of milk on Canadian and New England farms.

Per cent of farms reporting.	Quebec.	Maine.	New Hamp- shire.	Vermont.	Massa- chusetts.	Connec- ticut.
Ice houses. Milk houses.	32	100	97	100	74	%6
	52	85	91	92	65	%6

11. Interest and depreciation on cows.—Another item of importance in the "other costs" is interest and depreciation on cows. According to the Dominion Monthly Bulletin of Agricultural Statistics for February, 1921 (p. 52), the average value per head of milch cows for 1920 in Quebec was \$75. The weighted average value of milch cows for the New England States according to the United States Bureau of Crop Estimates, as published in the Crop Reporter, throughout the year 1920, was \$101; in other words, the interest and depreciation charges on cows in the Province of Quebec was approximately 75 per cent of what they were in the New England States.

CREAM AND BUTTER COSTS.

12. Cream costs.—Cream costs were detrmined by subtracting the value of skim milk from the costs given for milk. The value of the skim milk is based on the value of one-half bushel of corn which in corn meal for April 15, 1921, was 56 cents per hundredweight. (See p. —, Table III, for value of corn meal.) This gives the value of skim milk (85 pounds in 100 pounds of milk) as 48 cents, which when subtracted from the cost of 100 pounds of milk, gives the cost of 1.2 gallons of 36 per cent cream, as \$2.45 in New England and \$1.97 in Quebec. The cost per gallon in \$2.04 in New England and \$1.64 in Quebec, a difference of 40 cents per gallon in favor of Quebec.

13. Butter costs.—In determining the butter costs, the value of skim milk is estimated per 100 pounds as being equal to the value of one-half bushel of corn, which in corn meal for April 15, 1921, was 56 cents per hundredweight. This gives the value of skim milk (85 pounds in 100 pounds of milk) as 48 cents, which when subtracted from the cost of 100 pounds of milk, gives the cost of butter fat sufficient to make 4.4 pounds of butter, allowing for a 3.7 per cent milk and a 20 per cent churn gain of \$2.45 in New England and \$1.97 in Quebec. The cost per pound in New England is 55 cents and in Quebec is 45 cents, a difference of 10 cents per pound in favor of Quebec.

Ехнівіт В.

RELATIVE COSTS, UNITED STATES AND DENMARK.

1. Items of cost.—The principal items entering into the cost of keeping a cow are: (1) feed, (2) labor, (3) overhead costs, including interest and depreciation on cows' housing, etc.

Of these items, feed makes about 50 per cent, labor 30 per cent, and other costs

about 20 per cent of the total costs.

2. Feed.—The only costs of feed used in Denmark which are obtainable are quotations for cottonseed-oil cake, which quotations show prices to be about 7 per cent lower in the United States than Denmark, last summer and this spring.

TABLE 1.—Wholesale prices of 43 per cent cottonseed meal, per ton f. o. b.

Date.	Copenhagen.	Boston.	Chicago.
August, 1920.	\$72	\$67	\$67
February, 1921	43	42	38

Copenhagen from report of American consul in charge, Copenhagen, Denmark. Boston and Chicago, from the Market Reporter, published by United States Department of Agriculture.

3. Labor.—A comparison of labor costs between United States and Denmark shows farm labor in the United States to be from 150 per cent to 200 per cent above that of Denmark.

Table 2 .- Annual wages paid farm laborers including cost of board in Denmark and United States.

	Denr	nark.	New Eng-	Northern United States
	Men.	Women.	land, men.	dairy sections, men.
1910. 1915. 1918.	\$168 213 347	\$120 154 240	\$513 568 877	\$520 567 845

The average wages per hour for farm labor in 1920 was two and a half times as high in the United States as in Denmark.

Table 3.—Average wages by the hour for farm laborers in Denmark and the United States for 1920.

[Rate of exchange: 1 ore=\$0.00186.]

Class.	Denmark.1	New England.2	Northern United States dairy section. ²
Farm laborers. Cowman Cattle trader	\$0. 18 . 17 . 17	\$0.42	\$0.47

Denmark, from Report of American Consul in charge, Copenhagen, Denmark.
 New England and United States, from the Crop Reporter published by the United States.

^{4.} Overhead costs.—The only items obtainable of overhead costs are the average prices of milch cows, but these prices given are not directly comparable for the reason that the prices for cows quoted by the American consul in Denmark are largely for pure-bred cows for export, a much better class of stock than those quoted in the Crop Reporter for the United States. A comparison of these prices indicates that cows in Denmark'are valued about 30 per cent above their value in the United States.

TABLE 4.—Average price of milch cours per head.

Year.	Denmark.1	New England.	Northern United States dairy section.
1914	\$83	\$64	* \$6 3
1918	165	83	77
1920	167	110	97

Denmark, from Report of American Consul in charge, Copenhagen, Denmark.
 New England and United States, from the Crop Reporter, published by the United States.

TABLE V.—Weighted cost of keeping a cow in United States as compared with Denmark.

Item of cost.	Weighted importance.	United States percentage of Denmark's costs.
Feed	50 30	Per cent. 93 250
Overhead Weighted costs.	100	135

EXHIBIT C.

INCREASED PRICE LEVEL ON BUTTER REQUIRES HIGHER RATES.

1. Change in price level makes higher duty necessary to provide same protection.—Previous to 1890 the duty on butter had been in the main from 4 to 5 cents per pound. In that year a duty of 6 cents per pound was placed on butter. This was reduced to 4 cents in 1894 and again raised to 6 cents in 1897, at which point it remained until the Underwood tariff act in 1913 reduced the rate to 2½ cents per pound. In 1897 the market price of butter was about 20 cents per pound. The chart shows the trend of prices of butter from 1897 to 1921. Judging from this trend, the price of butter should settle for the year between 30 and 40 cents. Assuming that 6 cents a pound duty on butter was correct in 1897 (which can be assumed since it was not changed in 1909), when butter sold for 20 cents per pound, 10 cents per pound duty would be required at present to give the same protection to butter producers as was given in 1897.

EXHIBIT D.

COMPARISON OF TARIFF RATES ON CREAM AND BUTTER AS CARRIED IN THE PERMANENT TARIFF BILL AND THE PROFITS WHICH CAN BE MADE IN SHIPPING CREAM TO UNITED STATES TO BE MANUFACTURED HERE, OVER MANUFACTURING BUTTER IN CANADA FOR SALE IN UNITED STATES.

[Expressed in Canadian currency.]

1. After paying the duties now carried by the permanent tariff bill (pars. 707, 708, 709, and 710) a ('anadian creamery within 60 miles of the United States border could, in September, 1921, have made \$0.21 (United States money) per gallon more on shipping cream to the United States to be manufactured into butter here than it could to manufacture the cream into butter in Canada and ship the same to the United States for sale.

2. The Province of Quebec produces 51 per cent of her butter within 60 miles of the United States border, while 80 per cent of Ontario butter is within this limit. These two Provinces produce 70 per cent of the butter manufactured in creameries in

^{5.} Weighted cost of keeping a cow.—If these three items of cost were weighted on a basis of their normal relationships and importance, it would appear that the cost of keeping a cow was about 35 per cent higher in the United States than in Denmark.

2.29

This comparison of costs demonstrates that the duty on heavy cream should be increased to at least 31 cents per gallon to equalize with an 8-cent duty on butter. 3. The following shows the cost of operation and delivery at the United States border of 10 gallons of 50 per cent cream made into butter under the two following methods: a. Shipping the cream to a creamery in the United States and there having the butter manufactured and selling the same in the United States, paying duties of 10 cents per gallon on the cream. b. Manufacturing the cream into butter at a creamery in Canada and then shipping the butter to the United States for sale, paying a duty of 8 cents per pound on the butter. 4. Summary. Method No. 1: Gain on shipping heavy cream to United States, paying 10 cents per gallon duty and manufacturing such cream into butter here (per 10 gallons of Method No. 2: Gain on manufacturing cream into butter in Canada and shipping butter to the United States for sale, paying duty of 8 cents per pound on the butter (per 10 gallons of cream). Difference in favor of shipping cream to United States for manufacturing into butter here, paying cream duty, over manufacturing cream into butter in Canada shipping butter here, paying butter duty (per 10 2.32 . 23 Difference expressed in United States dollars (divide by 109.5 per cent per gallon of cream)..... . 21 Method No. 1-Shipping cream and manufacturing it into butter in United States. Creamery buys on flat Montreal quotation, 10 gallons of 50 per cent cream con-Station expenses for handling cream per can.

Cost of cans in which to ship cream. . 03 Freight on cream to United States.

Duty on 10 gallons cream, at 10 cents per gallon 1.00 Total cost of cream delivered at a butter plant in United States..... 16.54 Cost of manufacturing butter 49.2 pounds, allowing 20 per cent overrun, at 5 2.46 Cost in United States..... 19.00 Selling price of butter in United States, 49.2 pounds, at Boston (hamber, 0.4383 plus 91 per cent premium on ('anadian currency, \$0.4799 per pound. 23.61 Gain per 10 gallons on cream..... 4.61 Method No. 2-Manufacturing butter in Canada and shipping to United States. 10 gallons 50 per cent cream, 41 pounds butter fat, at 36 cents per pound..... 14.76 Cost of making butter, 49.2 pounds (allowing 20 per cent overrun), at 5 cents per pound..... 2.46 Freight to border, 49.2 pounds, at \$0.0033 per pound . 16 Duty, 49.2 pounds, at 8 cents per pound..... 3.94Total cost of butter at United States border.... 21.32 Selling price of butter in United States, at Boston Chamber, for September, \$0.4383 per pound, plus 9.5 per cent premium on Canadian currency, \$0.4799 per pound..... 23.61

Gain on shipping butter to United States. 5. Items of cost.

⁽a) Cream.—Cream for butter purposes is purchased from the Canadian producers on the flat quotation for fine t creamery butter at Montreal. The average quotation for this butter for September, 1921, was \$0.36 per pound. (Trade Bulletin, Montreal.)

(b) Station expense.—A charge of 50 per cent per can for station expense is made. This expense to cover the cost of receiving the cream from patrons, separating the same, and loading onto cars. There would be a residual item of skim milk which has not been considered here.

(c) Can charge.—A charge of \$0.03 per can is made to cover interest and depreciation on cans. This is the cost as reported by Boston milk dealers to the New England Federal Milk Commission. A 10-gallon jug costs new about \$5.25 and will last about five years.

(d) Freight.—Freight charges are taken from railroad traffic rates on cream for a

60-mile haul.

(e) Duties.—Duties are figured at rates now carried for cream and butter in the permanent tariff bill; cream, over 30 per cent, 10 cents per gallon; butter, 8 cents per pound.

(f) Cost of manufacturing butter.—A cost of 5 cents per pound in manufacturing butter is recognized by the trade generally, as also is the 20 per cent overrun on butter

(g) Selling price of butter in United States.—The average September quotation of the Boston Chamber of Commerce for creamery extras was \$0.4383 per pound. Canadian currency average 9½ per cent premium for the month of September.

(h) Freight on butter.—Obtained from Boston & Maine Railroad schedules of freight

rates.

EXHIBIT E.

HISTORY OF DAIRY INDUSTRY IN NEW ENGLAND AND CANADA.

1. Changes in source of Boston's milk supply.—During the past 20 years there has been a rapid moving back of the source of Boston's milk supply with decreased supply coming from near-by Massachusetts and southern New Hampshire, resulting in increased supply from Vermont and recently the starting of shipments from Canada and northern New York.

2. Importance of dairying to the New England farmer.—Dairying provides the main source of income for the New England farmer. In 1919 the total income from the sale

of dairy products was over \$94,000,000.

Table I.—Receipts from sale of dairy products, New England States, 1919.

[Fourteenth United States Census.]	
[Fourteenth United States Census.] Maine	\$15, 543, 524
New Hampshire	
Vermont	26, 634, 760
Massachusetts	24, 279, 643
Connecticut	14, 385, 132
Rhode Island	3, 770, 528
Total. New England.	94, 240, 873

3. New England farms.—Proper protection to the New England farmer would do considerable to offset the decline in the number of farms which has taken place during the past 10 years, which ranges from 11 per cent in Vermont to 24 per cent in New Hampshire.

Table II.—Number of farms in New England.

[Fourteenth United States Census.]

·	1900	1910	1920	Per cent decline under 1910.
Maine. New Hampshire. Vermont Massachusetts. Connecticut. Rhode Island.	59, 299 29, 324 33, 104 37, 715 26, 948 5, 498	60, 016 27, 053 32, 709 36, 917 26, 815 5, 292	48, 227 20, 523 29, 075 32, 001 22, 655 4, 083	19, 6 24, 1 11, 1 13, 3 15, 5 22, 8
Total, New England	191, 888	188, 802	156, 564	17. 05

4. Cows in New England.—The number of cows in New England have shown a steady decline up to the period of high war prices of 1915–16, at which time the patriotic appeal for greater production of agricultural products resulted in an increased number of dairy cows. Below are given the number of cows and heifers over 2 years old by census periods:

TABLE III.—Number of dairy cows and heifers over 2 years old.

[United States Census.]

,	1900	1910 ¹	1920
Maine New Hampshire. Vermont. Massachusetts Connecticut. Rhode Island.	173, 592 115, 036 270, 194 184, 562 126, 434 23, 660	139, 392 90, 271 235, 889 155, 269 109, 913 21, 421	175, 425 95, 997 290, 122 147, 331 112, 622 21, 431
Total, New England	893, 478	752, 355	842, 928

¹ 1910 census reported number of dairy cows and heifers over 15½ months old. These have been corrected so as to be comparable with 1900 and 1920 census, which reported cows and heifers over 24 months old.

5. The statement of the number of cows as given by the various State assessors shows the decline in number of cows up to the war period:

Table IV .- Number of cows as reported by State assessors in New England.

	Maine.	New Hamp- shire.	Ver- mont.1	Massa- chu- setts.	Connec- ticut.
1910 1911 1912 1913 1914 1915 1916 1917 1918 1919 1920	132, 339 135, 869 138, 065 135, 088 130, 661 133, 890 137, 656 141, 135 149, 905 152, 617	92, 082 94, 467 92, 879 89, 510 86, 438 87, 944 87, 464 89, 316 93, 013 89, 830	227, 039 223, 911 234, 783 242, 495 236, 119 242, 152 232, 953 244, 126	166, 048 166, 500 161, 608 151, 276 147, 209 145, 016 145, 049 149, 077 150, 789 148, 511 153, 489	154, 271 149, 279 154, 463 151, 276 144, 481 143, 997 148, 352 150, 737 153, 264 153, 811

¹ Figures previous to 1913 not available.

EXHIBIT F.

DIFFERENCE IN STANDARD OF LIVING IN TERRITORY IN QUEBEC SUPPLYING BOSTON WITH DAIRY PRODUCTS AND COMPETING TERRITORY IN THE VARIOUS NEW ENGLAND STATES.

1. Women and children milking.—At the same time that the relative cost of feed and labor was obtained for Quebec and for the New England States, information was also obtained as to the relative standard of living in the two sections. In general, one would say that judged by the percentage of farms reporting modern conveniences in the houses, such as running water, furnaces, musical instruments, bathrooms, etc., that the Quebec farmers were considerably ahead of the New England farmers. This, however, was offset by the fact that 50 per cent of the farms in Quebec territory reported that their wives did milking, while in New England only two States reported the wife milking—Massachusetts, where 9 per cent of the farms reported this condition, with 11 per cent in New Hampshire. Again, in Quebec, 20 per cent of the farms reported the daughter milked, while the only New England State reporting this condition was New Hampshire, where only one daughter helped with the milking; 42 per cent of the sons under 18 were reported as doing milking in Quebec, and from 20 per cent to 30 per cent of the same class of labor in the New England States. In general, the size of the family ranged somewhat larger in Quebec than in New England States, being 5.3 persons per farm in Quebec and from 3.4 in Maine to 4.8 in Vermont.

2. Sanitary conditions.—This survey brought out the fact that sanitary conditions of milk production were better in the New England States than in Quebec. The fact that 30 per cent of the Quebec farmers surveyed reported ice houses and 50 per cent milk houses, while in New England States, on the farms surveyed, from 74 per cent in Massachusetts to 100 per cent in Maine and Vermont reported ice houses, while from 65 per cent in Massachusetts and 92 per cent in Vermont reported milk houses, indicates better care of the dairy products in New England than in Quebec. In order to produce a good grade product and have it in wholesome condition when it reaches the market, ice houses and milk houses are essential.

TABLE I .- Standard of living-Quebec and New England States.

Item.	Quebec.	Maine.	Vermont.	Massa- chusetts.	Con- necti- cut.	New Hamp- shire.
Total number of farms. Average number of cows. Average size of farm. Average miles from shipping point	77 20 179 3	39 6. 8 128 4. 4	25 20 257 2	23 11 149 4. 3	29 13 127 6	34 9. 2 216 3. 2
LABOR.						
Per cent of farms reporting: Hired men. Wife milking Daughters milking. Sons under 18 milking. Sons over 18 milking. Operators milking.	53 45 20 42 29 93	10 0 0 0 20 90	58 0 0 4 6	43 9 0 35 22 83	75 0 0 21 3 93	41 11 3 3 2 94
FARM FAMILY.						
Average number of persons in family. Average number of boys under 18. Per cent in school. Average number of boys over 18. Per cent in school. Average number of girls under 18. Per cent in school. Average number of girls over 18. Per cent in school.	5. 3 1. 2 54 0. 4 0 1. 1 60 2. 4	3. 4 0. 4 81 0. 3 36 0. 2 77 0		4. 2 0. 9 60 0. 2 50 0. 7 70 0. 2 66	4. 0 0. 6 66 0. 2 26 0. 9 52 0. 2	4. 1 0. 6 75 0. 4 7 0. 6 6
STANDARD OF LIVING.						
Average number of rooms in house. Per cent of farms reporting— Running water in house. Furnace. Piano Organ Phonograph Papers and books. Bathroom.	8. 3 50 41 41 20 17 83 20	7. 6 21 8 27 23 17 100	10. 2 24 12 52 24 44 96 8	10 96 30 57 35 39 91 52	11 52 48 55 8 66 97	10 41 20 65 6 45 100 21
BARN EQUIPMENT.						
Per cent of farms reporting— Milking machines. Litter carriers.	9 34	21	56 40	8' 8	14 31	18 3
SANITARY CONDITIONS.						
Per cent of farms reporting— Ice houses	32 52	100 85	100 92	74 65	86 86	97 91

¹ One in school.

EXHIBIT G.

NEW ENGLAND'S MILK, CREAM, AND BUTTER SUPPLY.

^{1.} Milk shipments to Boston.—The main source of Boston's milk supply at present is Vermont which furnishes 44 per cent; Maine is second, with 16 per cent; New Hampshire, 15 per cent; New York, 12 per cent; Massachusetts, 9 per cent; Connecticut, 3 per cent; and Canada, about 1 per cent.

TABLE I.—Railroad milk shipments to Boston, 1919.

State.	Gallons.	Per cent.	State.	Gallons.	Per cent.
Maine New Hampshire	5, 680, 000 5, 25°, 000	15	Connecticut	1,070,000 210,000	3
Vermont		14 12 9	Total	35, 480, 000.	100

2. Milk shipments from Canada to Boston, by months.—The largest shipments of milk from Canada to Boston occur during the summer months. The following are the shipments of milk from Canada to Boston for 1919 by months:

TABLE II.—Milk shipments from Canada to Boston, by months, 1919.

Month.	Gallons.	Month.	Gallons.
January February March April May June July	7, 800 4, 800 2, 600 8, 500 18, 200	August. September. October. Novembet. December. Total	44,600 30,200 17,400 5,900

4. Cream shipments to Boston.—The total shipments of cream from New England and Canada to Boston in 1919 were approximately 3,000,000 gallons, of which 44 per cent comes from Vermont, 25 per cent from Maine, 12 per cent from Canada, 11 per cent from New Hampshire, 6 per cent from New York, and 2 per cent from Massachusetts.

TABLE III.—Cream shipments to Boston, 1919.

State.	Gallons.	Per cent.
Maine. New Hampshire. Vermont New York Massachusetts. Connecticut	382,000 1,620,000 240,000 75,000	25 11 44 6
Total, New England	2, 189, 400	88
Grand total	3,605,700	10

5. Cream shipments to Boston from Canada, by months.—The time of the heaviest shipments of cream to Boston from Canada occur during the summer months, with 71,000 gallons in June, compared with 12,000 gallons in December.

TABLE IV.—Cream shipments to Boston from Quebec points in 1919, by months.

Month.	Gallons.	Month.	Gallons.
January. February. March. April. May June. July.	7, 540 12, 700 27, 100 49, 040 71, 530	August September October November December Total	49, 040 54, 800 36, 250 20, 620 12, 420 416, 280

7. Boston does not need Canadian milk and cream.—That Boston does not need the Canadian production to give an adequate supply of cream, is shown by the fact that in 1919 according to the United States Department of Agriculture, 15,799,023 peunds of butter was manufactured in the New England States, which, if needed to give additional cream to replace the Canadian supply, would have furnished 4,500,000 gallons of cream of 36 per cent butter fat, 11 times the amount required. Boston obtained its largest amount of cream from Quebec in June, when 72,000 gallons were shipped. The butter production in New England would have furnished 666,000 gallons of cream, or over nine times the amount required to replace the Canadian production.

TABLE V.—Butter production in new England, 1919-20 (in pounds).

[United States Department of Agriculture, Bureau of Markets.]

BUTTER.

Month.	Maine.	New Hamp- shire.	Vermont.	Massa- chusetts.	Con- necticut.	Rhode Island.	Total, New England States.	Equiva- lent gal- lon of 36 per cent cream.
1919.								
January	45, 303	28,662	655, 634	116,323	57,465	5, 122	908, 509	260, 467
February	64, 253	24, 497	532,938	124,024	66,367	4,756	816, 835	234, 184
March	124,347	32, 113	754, 168	227, 759	76,005	5,420	1,219,812	349, 712
April	150, 501	33, 419	921,723	283, 179	97, 398	4,759	1,491,279	427, 542
May	188,866	47, 157	1,301,960	405, 933	117,218	10, 758	2,071,892	594,005
June	189,948	53,769	1,487,109	470, 314	119,046	3, 596	2, 323, 782	666, 222
July	109, 915	36,751	1, 180, 761	348, 033	83,052	5, 288	1,763,800	505, 674
August	56, 243	26, 290	834, 422	223,804	70,481	5, 586	1, 216, 826	348, 861
September	58, 560	26,859	133,804	202, 269	66,842	5,649	1,093,983	313, 640
October	43, 435	24, 179	819,706	171,214	70,022	5,237	1, 133, 793	325, 058
November	30, 777	19, 269	576, 559	121,448	49, 751	4,674	802, 478	230,065
December	64, 459	21, 194	660, 570	149, 624	55,640	4, 547	956, 034	274, 092
Total	1, 126, 607	374, 159	10, 459, 354	2, 844, 224	929, 287	65, 392	15, 799, 023	4, 529, 522
1920.								
January	91,630	24, 381	604, 090	150, 793	57, 229	4,980	933, 103	267, 518
February	57, 448	20, 425	589, 195	108, 336	46,031	3, 196	824, 631	236, 420
March	56,672	19, 298	823, 870	214, 234	68,001	4, 284	1, 186, 359	340, 122
April	74, 757	21, 699	1, 113, 238	322,633	89,383	3,945	1,625,655	466,071
May	70, 120	24, 700	1,461,916	377, 854	94,504	5, 455	2,034,549	583, 293
June		32, 430	1,842,168	404,617	88,342	4, 985	2, 455, 437	703, 987
July	61, 591	26, 803	1, 449, 091	326, 546	76, 218	3, 454	1,943,703	557, 254
August	47, 487	21, 899	1,093,812	252,088	64,732	5, 379	1,485,397	425,859
September	48, 901	22, 928	932, 947	285, 980	70,940	5, 367	1,367,063	391,933
October	16, 429	27, 166	1,040,349	319,027	74, 805	6,753	1,528,529	438, 222
November	34, 353	23, 955	790, 031	214, 669	69, 118	5,878	1, 138, 014	326, 262
December	37, 512	22,060	768, 140	220,086	66, 278	6, 365	1, 120, 471	321, 232
Total	723, 835	287, 744	12, 508, 847	3, 196, 863	855, 581	60, 041	17, 642, 911	5, 058, 153

^{8.} Farm butter.—In addition to the butter manufactured in creameries, over 14,000,000 pounds of butter was manufactured and sold from New England farms in 1919, which supply could also largely be used to replace the Canadian cream supply. This would have given over 4,000,000 gallons of 36 per cent cream.

TABLE VI.—Butter made and sold from farms in Northeastern States.

[Fourteenth Census, year 1919.]	
	Pounds.
Maine	6, 945, 411
New Hampshire	
Vermont.	
Massachusetts	
Connecticut	
Rhode Island	
·	
Total New England	14, 670, 830

Ехнівіт Н.

IMPORTATIONS OF MILK, CREAM, AND BUTTER FROM CANADA TO UNITED STATES.

1. Canadian exports of fresh milk and cream to United States.—The imports of fresh milk from Canada were low previous to 1913, when only 8,000 gallons were imported, but have increased rapidly since that time with fresh milk on the free list until in 1920 about 2,000,000 gallons were imported. During this period cream has declined, due to the decrease in the duty on butter, which made it less profitable to buy cream for manufacture into butter in United States, and the trend of the industry changing from cream shipping to milk shipping. (See table following.)

Table I.—Imports of milk and cream from Canada into the United States.

[Report of trade of Canada, Dominion Bureau of Statistics, years ending Mar. 31.]

Year.		Cream.
1911 1912 1913 1914 1915 1916 1917 1918 1919 1920	7,939 307,188 477,692 394,831 760,805 1,116,362 827,973	Gallons. 1,823,821 886,174 820,360 1,322,90 1,895,575 1,262,280 903,495 585,601 485,015 795,780 1,279,195

Table II.—Imports of fresh milk and cream into United States from Canada by months, 1919-1921, gallons.

[Monthly reports of trade of Canada.]

	Fresh milk.			Fresh cream.		
Month.	1919	1920	1921	1919	1920	1921
JanuaryFebruary	59,615	120, 850 125, 398	68, 502 45, 120	13, 415 21, 290	19, 833 16, 746	27, 498 21, 046
March April May June	71, 727 140, 906	144, 339 80, 821 86, 604 155, 235	96, 206 58, 842 130, 433	14, 409 22, 029 67, 707 119, 382	41, 168 43, 039 81, 526 184, 031	31,606 48,149 128,249
July	134, 137 210, 447 231, 540	284, 993 133, 717 241, 293		127, 212 101, 753 99, 448	221, 031 169, 004 194, 166	
October November December	270, 979 195, 130	106, 045 142, 105 67, 977		91, 227 55, 271 34, 004	110, 050	

IMPORTATIONS OF FRESH MILK AND CREAM BY CUSTOMS DISTRICTS.

2. The United States reports of the domestic and foreign commerce for the calendar year of 1920 show that 94 per cent of the imports of milk and cream from Canada pass through the St. Lawrence and Vermont customs districts, 42 per cent passing through the St. Lawrence district, and 52 per cent through the Vermont district.

Table III.—Imports of fresh milk and cream, calendar year 1920, by customs districts.

District:	Gallons.
Maine-New Hampshire	3, 099
Massachusetts	2, 300
New York	145
El Paso	1,350
Washington	48, 057

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District—Continued.		Gallons.
Buffalo		70, 256
Dakota	•	10, 057
Michigan		68, 162
St. Lawrence		1, 756, 260
Vermont		2, 148, 833
	-	
Total		4 117 817

3. Imports of butter from Canada into United States, by years, with duties charged each period.—This table shows the tremendous increase in imports of butter, which occurred after the imposition of the $2\frac{1}{2}$ -cent rate on butter in 1913. (See Table IV.)

TABLE IV .- Imports of butter by years into the United States from Canada.

[United States foreign and domestic commerce.]

Year	Butter.	Dut
	Pounds.	Cent
34	361, 91	
5	181, 350	
36		<i>!</i>
		5
37		5
39		
0	62,426	3
91	374.554	1
2	108,690) [
3	63, 112	2 1
4		
15	63,546	
6		
		()
// /8		:
9)
0		
11		<i>!</i>
2	365,538	3 [
3	68,005	i
4		ا ا
5	462, 819	i I
6	15,020	()
	13,020	: I
7 8	147,935	: I
		<i>!</i>
9		<i>:</i>
0	980, 036	
1	415, 480	<i>)</i>
2.	629, 109)
3		2
4		
5	1,277,877	
6	372,066	. 1
		: 1
7	311, 257	. 1
	620, 279	4.1
9	9, 437, 960 9, 235, 630	/ [

Senator McLean. Is that all, Mr. Bronson?

Mr. Bronson. Yes, sir; I think so.

Senator McLean. Mr. Loomis.

Mr. Loomis. Mr. Morley is here from Minnesota to appear on this butter tariff. I am here in the city of Washington all the time. Now, it is rather late and Mr. Morley and I both wanted this matter to be adjourned until to-morrow, so that we might have more time, but Mr. Stewart points out the fact that you are going to be very busy to-morrow. We asked for an adjourned hearing on the 21st. That is a matter that I have had up with the chairman. Consequently I am somewhat in a quandary as to whether to go on at this time or wait until the 21st. We are going to try to broaden this

butter matter before you; we are going to try to broaden it beyond New England, and are going to try to show you how it works out.

Senator McLean. Is Mr. Morley ready to go on at this time? Mr. Loomis. Mr. Morley is here, if you want him to go on. Senator McLean. Yes.

STATEMENT OF MR. J. R. MORLEY.

Senator McLean. State your name and residence to the steno-grapher.

Mr. Morley. My name is John R. Morley. My residence is

Owottona, Minn.

Senator Walsh. Whom do you represent?

Mr. Morley. I am on the executive board of the National Dairy Union. Mr. Loomis is secretary. I am supposed to represent on that board the cooperative creamery industry. I am also president and manager of the Minnesota Dairy Association. I am also a dairy farmer.

Senator Walsh. Where is the center for these cooperative cream-

eries?

Mr. Morley. Largely in Minnesota. Our selling proposition is in the city of New York. We have a house in New York, and we are also members of the mercantile exchange there.

We find that the importation of Danish or foreign butter is a detriment to the western farmer, as well as a demoralizer of the

trade.

I have some figures for the year 1921 and the summary for the year 1920. I can give the figures for the year 1921 up to the 10th

day of November, by months.

In January we received from Denmark 23,779 casks. They contain 112 pounds each. We received 2,670 boxes. From Holland we received 254 casks and 275 tubs. From Argentina we received 1,895 boxes. The total weight is 2,952,792 pounds. That was for the month of January, which was the time of the 2.5 cent tariff

the month of January, which was the time of the 2.5 cent tariff In February you will note there is quite a reduction. They received 13,849 casks of butter; 100 boxes and 50 tubs; 2 casks of Holland butter and 218 tubs; while from Argentina they received 2,988 boxes, making a total weight of 1,739,248 pounds. Then we had 2,160 boxes from New Zealand, which came by way of San Francisco by rail into New York during February. Those are only the receipts for the port of New York.

In March there were 34,400 casks of Danish butter and 1,288 boxes. There were 3,500 boxes from the Argentine, making a total weight

of 4,120,928 pounds.

In April we had 7,140 casks of Danish butter and none from the

other points. The total weight was 799,680 pounds.

In May the emergency tariff was passed and there were 300 casks of Danish butter, a total weight of 33,600 pounds.

In June there was none.

In July there were 700 casks, making a total weight of 78,400 pounds.

Senator Walsh. When did the change in rate come?

Mr. Morley. In May, I think.

Senator Walsh. Two and one half to five?

Mr. Morley. Two and one half to six.

Senator Walsh. What was that?

Mr. Morley. Six cents.

Senator Walsh. That came in May?

Mr. Morley. That came in May.

Senator Walsh. In June there were no importations?

Mr. Morley. No importations in June. Senator Walsh. How about July?

Mr. Morley. Seven hundred casks.

In August there were 403 casks, a total weight of 45,136 pounds. In September there were 1,327 casks, a total weight of 148,624 pounds.

In October there were 7,560 casks, a total weight of 846,120 pounds. Up to November 10 there were 2,900 casks of Danish butter, 324 boxes and 10 casks of Irish butter, a total weight of 344,064½ pounds Senator Walsh. Comparing the months since the emergency tariff

became effective, is there shown a great decrease in importations?

Mr. Morley. There is a little explanation in connection with that. You see, the heavy importations of last winter demoralized the market. The market went down in the month of June to 28 cents. That was caused by demoralization. New York dealers had put large quantities of butter in storage. Of course, they lost a lot of money on it. That was brought about by heavy importations of Danish butter during the winter months.

Senator McLean. What were those importations?

Mr. Morley. The importations for 1921 were 12,109,192 pounds, valued at—well, I figured those at 40 cents a pound.

Senator Sutherland. You say for the year 1921?

Mr. Morley. Up to the 10th of November. The value was \$4,840,676.80.

Mr. Morley. For the whole year. The total weight of imported butter received at the port of New York was 27,801,815 pounds, at a valuation, figuring 61 cents per pound, which was the average price of New York quotations for "extras," the 92-point butter—of \$16,959,107.76, making the total value of the butter imported into New York from foreign countries; that is, across the water—I have not the figures on Canadian butter, although there is considerable of it—\$21,872,854.56.

Senator McLean. It seems that this butter was imported at a val-

uation of from 40 to 61 cents a pound?

Mr. Morley. Sixty-one cents was the average price of New York extras. What we called extras is the 92-point butter.

Senator McLean. Is that duty-paid?

Mr. Morley. I am giving you the price of the butter.

Senator McLean. What was the price of the imported butter? Mr. Morley. That would be practically the same, duty paid.

Senator McLean. Then the importations coming together with the

large domestic supply, affected the market?

Mr. Morley. Yes; it worked out in this way. When it comes it comes in pretty large cargoes. To a certain extent, it has a sentimental effect, but it does affect the market.

Senator McLean. Then the importers lose money equally with the

domestic producers?

Mr. Morley. The importers did not lose money, because the butter is sold before it leaves. Oh, yes; they would be importers, that is right; they would lose money, too. They lost money on this Canadian butter.

Senator Walsh. Do you claim that the emergency tariff which increased the rate has had a tendency to keep out the imported butter,

Mr. Morley. Well, we are looking for large consignments this winter.

Senator Sutherland. If the price goes up, that rate does not affect it?

Mr. Morley. No. I have been over to New York trying to get the situation over there.

Senator Sutherland. There is considerable fluctuation between

the summer and the winter prices?

Mr. Morley. Yes. The price this summer, as I said before, in June went down to 28 cents.

Senator Sutherland. There is always some fluctuation?

Mr. Morley. Yes; always some fluctuation. Senator Walsh. But not as much as that? Mr. Morley. No; not as much as that.

Senator Walsh. Notwithstanding the increase in rate through the emergency tariff, the price of butter has dropped during the summer? Mr. Morley. Yes; with the 6-cent tariff.

There were 2,900 casks of Danish butter unloaded last week in New York. Those casks contain 112 pounds each. That would be equal to twice that number of tubs. We ship it in tubs.

Senator Sutherland. That is shipped in cold storage?

Mr. Morley. No: that is fresh butter.

Senator Sutherland. I mean that it is in a refrigerator on its way? Mr. Morley. Oh, yes; there is refrigeration on the vessels. There is mechanical refrigeration on the vessels.

Senator Walsh. Have you figures of our exports during these

months?

Mr. Morley. No, sir. I was rather surprised to hear of it. Senator McLean. I assume those exports go to Cuba or Mexico? Senator Walsh. Mr. Loomis, where do we export to?

Mr. Loomis. To southern countries, tropical countries, chiefly.

Mr. Morley. There is another element in it that works against the farmers of the West—the transportation rates. The different shipping points in Denmark can put butter in New York at a freight rate of \$1 per hundred. On the other hand, from our country, taking St. Paul as the zone, for instance, the rate is \$2.15. Therefore, they have an advantage of \$1.15 on freight.

Senator McLean. That is, a cent and fifteen one-hundredths per

pound?

Mr. Morley. Yes; that is 1.15 per pound. That is quite an

advanatge in the matter of freight.

The conditions in the West among the farmers are a great deal as has been told here about New England. There might be a little difference, because the farming there is more diversified, but everything else is worse than dairying. Now, if these \$21,000,000 that went to Denmark had gone into the West, they would probably have

done considerable good.

We can not see any reason why our markets should be given over to a foreign market when we are able to produce all that our people We would like to see, as the others have said, the rate on butter made 10 cents a pound, and on other products corresponding.

We have the same condition in Minnesota, Wisconsin, North Dakota, Montana, and all along the line. We are right on the border. There is the same possibility of shipping cream into our country for churning purposes. I think the same discrepancy existed in the Payne-Aldrich bill, if I remember correctly. You see, there are some large churning plants in that part of the country that could easily get cream from over the line and make it profitable to buy the pro-There is more or less milk produced in these duction in Canada. western Provinces in Canada. There is quite considerable produced in Saskatchewan; probably it is not to the same extent as in Montreal; that country is now shipping to New York. I do know that Canadian butter is coming in in carload lots. It does not match up with the Danish butter in quality. The Argentine butter is a lower grade butter, and so is the Canadian butter.

Senator McLean. In 1920 we imported 19,000,000 pounds of butter from Denmark at a value of more than \$10,000,000; that is more than

50 cents a pound.

Mr. Morley. That is 1919? Senator McLean. No; 1920.

Mr. Morley. 1920?

Senator McLean. Yes; that is 50 cents a pound. Mr. Morley. In 1920 we imported more than that.

Senator McLean. From Denmark? Mr. Morley. Oh, no; not Denmark.

Senator McLean. I was speaking of Denmark.

Mr. Morley. From Denmark, in 1920, we imported 92,358 casks of 112 pounds each. I do not have it figured out in pounds.

Senator Walsh. How much was the total importation in 1920

from all countries?

Senator McLean. It was 37,454,000 pounds.

Mr. Morley. For 1920?

Senator McLean. That is the total importation. Senator Walsh. We exported 16,000,000 pounds.

Mr. Morley. The importations into the port of New York were 27,801,816 pounds, which, at a valuation of 61 cents per pound, would be \$16,959,107.76. That is at 61 cents per pound.

The largest proportion of the butter that goes into the city of New York—and the same is largely true of Philadelphia—comes from Minnesota, Wisconsin, Illinois, Iowa, and those western States. You take the posted receipts on the Mercantile Exchange in the morning, and I think you will see that 75 per cent of the butter that comes into New York comes from the West. There is a very small proportion from nearby points.

As stated by the gentlemen from New England, their butter goes

mostly to Boston. Very little of our butter goes to Boston.

Senator McLean. Do you feel the competition of the vegetable oil products, like cocoanut butter and cottonseed-oil butter?

Mr. Morley. We feel the competition after it is manufactured

into oleomargarine.

Senator McLean. They call it butter, cocoanut butter.

Mr. Morley. Yes; they call it cocoanut butter or something of that nature.

Senator McLean. Do you feel that competition?

Mr. Morley. Oh, yes; but not so much when the price of butter is low as when the price of butter is high. When the price of butter is high they turn to oleomargarine and coconut butter. During the last year the consumption of that has been small. In fact, some factories have pretty nearly stopped its manufacture.

Senator McLean. What do you say as to the rates suggested by

the witness who preceded you—Mr. Bronson?

Mr. Morley. That is what we would like to have. He has figured those rates out to correspond with 10 per cent on butter. We think that is perfectly reasonable. That is what we would like to have it. So far as the people I represent are concerned, 10 cents a pound on butter, with the corresponding rates on other products, would be satisfactory.

Senator McLean. Is that all?

Mr. Morley. That is all, unless you have some questions to ask. Senator McLean. If you should think of anything later that you have not stated, you may present it to the committee, and the committee will have it printed in the record.

(Mr. Morley filed an additional statement as follows:)

Mr. J. R. Morley supplemented his statement to the committee by the following statement relative to the claims which had been made that supplies of cream were not

available in this country for the manufacture of ice cream:

I wish to add to my statements before the committee November 14. The question was brought up that there might be a possibility that sufficient cream could not be obtained for ice cream purposes without going across the border. The cities of New York and Philadelphia have long since discontinued the attempt to obtain fluid cream for ice cream purposes and have been using sweet butter; that is, butter manufactured without the addition of salt or artificial coloring matter. The sweet butter is homogenized or reduced to cream. By adopting this practice, they have an inexhaustible supply and at a less cost than undertaking to get the fluid cream. Whether they are using this method or not in Boston, I am unable to say. At all events, the fluid cream for ice cream purposes is not an argument for admitting cream from Canada. The Minnesota Cooperative Dairies Association sold sweet butter to the Castle Ice Cream Co., at Newark and Perth Amboy, by the carload to be used for ice cream purposes. No attempt is made by this concern to use any other supply.

After the passage of the Underwood tariff bill in 1913, importations of foreign butter began to come in from eight foreign sources. The breaking out of the war in 1914 stopped this and during the war we exported large quantities of butter to Europe. After the war and with a 2½-cent tariff and the rates of exchange being so much against all European countries, our market became very attractive. As a result, the impor-

tations mentioned.

In conclusion, we contend that the American farmer is entitled to the home market. The possibilities of our country to produce foodstuff is unlimited and the necessity of importing foodstuffs will never come.

Mr. Looms. I would like to put my brief in the record.

Senator McLean. You may put the brief in.

Mr. Loomis. May I also file with the clerk of the committee a telegram from the Iowa Creamery Secretaries and Managers Association, indorsing the 10-cent rate, signed by W. A. Wentworth, secretary?

Senator McLean. Yes.
Mr. Loomis. And the resolution adopted by the conference in Buffalo last July, asking for a 10-cent dairy tariff?

Senator McLean. Yes.

(The brief, telegram, and resolutions referred to are printed in full as follows:)

BRIEF PRESENTED BY A. M. LOOMIS, SECRETARY OF THE NATIONAL DAIRY UNION, in Support of an Amendment to the Fordney Tariff Bill Changing the PROPOSED RATE OF DUTY ON BUTTER AND BUTTER SUBSTITUTES FROM 8 TO 10 CENTS A POUND.

My name is A. M. Loomis and I reside in Washington. I am secretary of the National Dairy Union, with offices at 630 Louisiana Avenue NW. I am also assistant to Prof. T. C. Atkeson, Washington representative of the National Grange, and am authorized by him to say to this committee that he approves the requested amendment changing the rate of duty on butter from 8 to 10 cents a pound. The National Dairy Union is an organization of diarymen and butter manufacturers, incorporated under the laws of the State of Illinois December 18, 1903. The purpose of the organization is to promote the best interests of the dairy industry in the United States.

THE BUTTER INDUSTRY.

The dairy industry is one of the great industries. The butter industry itself is divided into three distinct groups, all having a common interest in adequate tariff protection. One of these groups is the dairymen who make butter on their own farms. This in 1920 amounted to 675,000,000 pounds, representing over 14,000,000,000 pounds of milk. The other two groups are those interested in factory production of butter, divided between the cooperative, or farmer-owned factories, and the centralizer or commercially owned factories. These two produced in 1920, 863,500,000 pounds of butter, utilizing 18,000,000,000 pounds of milk. These three groups provided the market for 36 per cent of all milk produced in the United States, provided nearly 15 pounds of butter for every individual in the United States, and established the market price at which the other 64 per cent of milk is sold.

The entire dairy schedule which will be or has been presented to your committee has been worked out on a scientific basis of equivalents based upon the 10 cent tariff which we are asking on butter. There are many reasons for this, but the primary reason is that the price of butter in the New York City market is the largest single factor in establishing the price of all dairy products in the United States as will be

shown later on.

There are 24,720,000 dairy cows in the United States. There were 7,857 establishments, according to the Bureau of Markets, engaged in the manufacture of dary products, with products valued at over \$1,000,000,000. Half of this is the butter business of the country. Dairy cattle are reported on four and a half million of the six and a half million farms reported in the 1920 census, and the estimate of capital invested in the farms where dairying is an important farm enterprise is estimated at over \$55,000,000,000.

NEW YORK PRICE CONTROLS ENTIRE INDUSTRY.

It was stated that the rate of duty on butter is the basis of the entire dairy tariff schedule which is asked for and that the reason for this is that the price of butter is the controlling factor in fixing the price of all other dairy products, including fluid milk. This is a fact which will be testified to by every person who appears before you, no matter what branch of the dairy industry he may represent. Milk is sold in the Washington market on the basis of its butter-fat test, the price being fixed in accordance with the amount of butter fat in such milk. The great fluid organizations, without exception, in making up their estimates as to the asking price for their product, use the price of butter fat as the basis from which they start. I'am not going into the reasons for this, although there are many good reasons, but will state this as a matter of fact which the dairy industry will generally substantiate.

For the purposes of this tariff discussion, we can narrow this price basis still further. The price of butter and butter fat in the United States is largely fixed by the operations on one market, and that market is the New York Mercantile Exchange. There are many good reasons for this which I will not discuss but can state this as a fact which the entire dairy industry will substantiate, and that is that the largest single factor in fixing to-day's price of butter anywhere in the United States is the price quoted to-day for 92 score butter on the New York dairy market. In a large way, the entire argument for a dairy tariff rests upon this single fact.

BUTTER TARIFF HISTORY.

In 1909, Congress in its wisdom established a butter tariff at 6 cents a pound. The price of butter in the wholesale markets of the United States at that time ranged between 20 cents and 40 cents per pound. This tariff continued in effect until 1913, when a new law went into effect, fixing the rate of duty on butter at 2½ cents a pound, which law had been in effect until the enactment of the emergency tariff bill last May.

Exhibit A is a table showing the imports of butter into the United States by fiscal years under these two tariff laws. The imports were negligible from 1909 to 1913. In 1914, the first year of the 2½ cents a pound duty, they jumped to nearly 8,000,000 pounds, or more than the entire period of the previous tariff law; 1915, 1916, 1917, and 1918 were war years, during which time, countries which normally might have sent butter to the United States had other markets and greatly reduced production. In 1919 the result of the 2½ cents a pound tariff was again apparent with an importation of 4,000,000 pounds, which was multiplied by five in 1920 and still more greatly enlarged in 1921, when a total of more than 34,000,000 pounds of butter came into the United States, and the imports of 1920 and 1921 were far more than the total previous imports in the entire history of the country.

about 500,000 pounds.

This situation is very significant as it demonstrates that while the 6 cents tariff was effective for all necessary purposes before the war, when the normal price level of butter was approximately 25 to 30 cents a pound, this rate of duty is not sufficient or satisfactory on the present price level of butter.

WHY TARIFF IS NEEDED.

It is apparent from the figures here quoted that the total imports of butter are small as compared with the domestic production of butter. In the largest importing year the ratio of imports to domestic production was about 1 to 43, the imports amounting to not quite 35,000,000 pounds and the domestic production to a little over a billion and a half pounds.

The question then naturally arises, If the imports are so small, why is a compara-

tively large duty asked for or needed.

The answer to this question is twofold. First, it answers itself, for if there is so little butter imported, it demonstrates that we do not need any to be imported and can produce all we need ourselves, and that a duty of any kind or size will work no hardship on any of our own people; second, that the duty on even a small amount which does come in is needed because of the peculiar market conditions in this country which have been referred to—the dependence of the entire industry upon the New York price and the even balance between production and price in this country because of the purely competitive situation, so that a price protection in the New York market is absolutely required to protect this American industry, just as a general price protection is needed to protect any other manufacturing industry.

SMALL SHIPMENTS HAVE LARGE RESULTS.

The comparatively small shipments of butter reaching New York have large results in the prices paid for American butter everywhere. The New York price is controlling in all markets. Every price fluctuation in New York is felt directly and definitely back to the check the farmer gets for his milk or cream from which the butter is made, which reaches the market in the period affected by this special shipment into New York. Butter is made every day. It is an expensive commodity. The industry, by and large, is organized in small units, strictly competitive. The butter must be sold from week to week by these small units "on the market." They are dependent upon the market price.

A single cargo of Danish butter reaching New York last year in July depressed the market from 59 to 55 cents. A cargo in January depressed the market from 57 to 494 cents. In only one instance did the market fail to react downward when special shipments reached New York and that was in April during the railroad strike when 4,000,000 pounds came in and saved New York from a butter famine, but during the following month the market reacted from 75 to 66 cents a pound.

CONSTANT INFLUENCE ON MARKET.

I have prepared a careful abstract of the report of the Bureau of Markets of the United States Department of Agriculture covering the butter market for the entire calendar year of 1920 and the present year up to the date when the emergency tariff went into effect, showing the weekly fluctuation in prices, the amount of imports reaching New York, and the comments of the official reporter of the United States Government in the New York market, which I will file as Exhibit B. This shows that in January, when under the normal conditions butter prices should be advancing to cover the greatly increased cost of production and handling at that season, 500,000 pounds of Danish butter and large shipments of butter from Argentina and Holland reached New York and the price broke from 71 cents January 3 to 64 cents January 31. Shipments continued to arrive, the largest one coming in April when the railroad strike was in progress. This combination disrupted all ordinary market rules. New York had such an acute shortage that even the 4,000,000 pounds of Danish butter had no effect and prices soared to 77 cents a pound in New York, while Chicago was selling from 10 to 12 cents under the New York price. In July there was a break from 59 to 55 cents at a time when butter normally does not decrease in price, due to the arrival of over 7,000,000 pounds of Canadian, Danish, and Argentine butter, culminating in a million pounds of Danish butter reaching New York during the week of November 11 and nearly a million pounds more during the week of the 25th. This price decline continued during January, February, and March of this year—declines almost unheard of in the history of the dairy industry. I can not better illustrate the whole damage done than by quoting from the Market Reporter, the official publication of the United States Department of Agriculture for the week ending February 5, when a decline of from 50 to 46 cents was registered. The Market Reporter says:

"Severe decline attributed to arrival of foreign stokes. The greater

"Severe decline attributed to arrival of foreign stocks. The greater weakness was caused by the surplus of foreign butter arriving at New York. Danish which arrived the previous week proved of excellent quality and many buyers took it in preference to domestic, so long as it could be purchased at or below domestic price. This caused such a backing up of regular arrivals that receivers simply had to drop prices to a point where Danish competition would be cut. The declining market of course kept buying down to a minimum. Further arrivals of Danish are expected."

CONSUMER DOES NOT GET BENEFIT.

The buying public does not get the benefit of these price fluctuations.

The results of imports in the New York market as shown is to make the market uneven, subject to sharp ups and downs. These declines and advances reported in every day's wholesale quotations are reflected back to the producer in every instance, but they are not reflected forward to the retailer except in part, and by the retailer to the consumer in still smaller part. A continued decline is, of course, finally transmitted to the consumer, but the whole trend of modern retailing is to retard declines in retail prices, to sell on buying price and not on replacement cost on a declining market, and on replacement cost instead of buying price on an advancing market. Every member of this committee knows that this is true.

Our demand for a tariff is a demand that Congress take action on the one factor in establishing prices of butter and dairy products over which it has any influence, so that the price finally established by all the factors will be as favorable to the producers of butter as possible. The price of butter is fixed by a composite of many forces, among them being the price of farm land, the cost of feed, the season of the year, the price of farm labor, the price of beef, the weather conditions, the credit situation, the movement into and out of storage. All of this amounts to what is called domestic supply and demand. The farmers must perforce take their chances in this situation, and there is no industry in the United States in which supply and demand has a freer play, and less artificial interference than in the butter industry. The price of butter every day in the year is a free competetive price, and this of itself protects the American public against any exploitation by or because of a tariff. All the dairyman and the butter producer is asking that this condition of free competition be left alone, and that his market be protected by Congress in the only single

factor over which Congress has any possible effective control, namely, to protect this market against surprise shipments, sudden influxes of unexpected and not needed foreign butter, which unsettles markets, and causes voilent fluctuations, hurting producers, with no consequent help to consumers.

PRODUCÉR SUFFERS HEAVY LOSSES.

The daily production of butter in the United States is about 5,000,000 pounds. One single shipment of Danish butter reaching New York has depressed the market 7 cents a pound, and this depression has continued for three or four weeks before a price recovery takes place. That is, the price the producers of 5,000,000 pounds of butter gets each day for perhaps a month is 3 or 4 cents a pound on the average lower than it would have been if one single million pounds of butter did not reach New York from Denmark or the Argentine or some other foreign country. In other words, this single shipment, valued at perhaps three or four hundred thousand dollars, cost the American dairymen between one hundred and fifty and two hundred, thousand dollars a day for the entire period of three or four weeks while the market was unsettled, or perhaps a million dollars a week for a minimum of three weeks.

TARIFF WILL STABILIZE MARKET.

We are making this demand for an adequate tariff on the single proposition that our market must be stabilized. Consumers have the same interest as producers in the stability of the market for any commodity. Immediately upon the fact becoming patent that butter marketing is to continue subject to the fluctuations noted above, which continued until the 6-cent tariff became effective in May, and have now been resumed, every butter receiver and dealer will take steps to protect himself against these fluctuations, and this will take the form and has taken the form of increasing his own margin, as insurance against the added risk. The consumer must pay this. As soon as the producers learn that they, too, are hit hard by these wild market ups and downs, they, too, will take steps to protect themselves. This will be a slower process and will take the form in the main of still more dairymen going out of business, because they can not make it pay under this additional risk and burden.

COW POPULATION IS DECLINING.

The final argument for any tariff is to prevent an industry from going out of business. Consumers of butter have just as big a stake in preserving the American dairy industry at its present level, or a still greater one, as those engaged in the industry itself, for the price of butter is purely competitive. To permit the industry to decline further, means inevitably higher priced butter, until the reaction downward is counteracted. A table has been prepared showing the decline in dairy-cow production in the United States in recent years, and is attached hereto as Exhibit C.

This shows a decline from 287 cows per 1,000 persons in 1840 to 237 in 1900, a decline of 50 per 1,000 in 60 years, or nearly 9 per year. It shows a further decline of 237 per 1,000 in 1900 to 218 per 1,000 in 1921, a decline of 13 per 1,000 in 21 years, or 6 per year

during even the high-price war period.

DEALERS PROTECT THEMSELVES.

The influence of surprise shipments on prices is shown with special emphasis in Exhibit D, a table showing average prices of butter in the two months of November and December for the past 10 years. Everyone knows that these are the months of increasing shortage of production and increased cost of production, hence normal price advances are expected and required. This normal reaction happened in every year of the 10 except 2. Those two were the years 1914 and 1920. Nineteen hundred and fourteen was the only year the 2½-cent tariff was in effect before the war, and 1920 the only year it was in effect after the war in those months when large shipments reached New York during those months. In each case these shipments resulted in violent fluctuations, reaching a depression for the two months of 1 cent in 1913 and over 8 cents in 1920.

This is what takes the heart out of butter producers and the butter trade. No dealer who withstood the slump of last November and December—and there were those who did not withstand it—will enter that kind of a market again unless he protects himself by seeing to it that he gets a bigger margin all the time to protect

himself against such fluctuations.

SUMMARY OF ARGUMENT.

In closing let me sum up this argument.

The whole dairy industry in the United States rests on the daily price of butter in the New York market.

This industry is one of the largest and most essential in the Nation.

Experience shows that lack of proper tariff protection leads to imports of butter inconsiderable in amount as compared with the production and consumption in the Nation, but viciously effective in disrupting and demoralizing the one market which establishes national prices.

The interest of the consumer of butter and the producer of butter will be best served by stabilizing butter prices as far as may be and to do this it is necessary to put a duty in effect which will minimize the surprise shipments, and their influence in hammering down New York market prices.

Under a 2½ cent tariff this influence was at its worst.

A 6-cent tariff corrected it up to a certain point, but surprise shipments are now

coming in, and greater protection is needed.

The dairy and general agricultural interests agree that 10 cents is not too much to ask at this time.

EXHIBIT A.

United States—Imports and exports.

BUTTER.

[Foreign and Domestic Commerce Reports.]

Fiscal year June 30—	General imports.	Domestic exports.	Fiscal year June 30—	General imports.	Domestic exports.
1851 1860 1870 1880 1880 1990 1910 1911 1911	4, 089, 038 487, 120 75, 621 49, 791 1, 360, 245 1, 007, 826	Pounds. 3, 994, 542 7, 640, 914 2, 019, 288 39, 236, 658 29, 748, 042 18, 266, 371 3, 140, 545 4, 877, 797 6, 092, 235	1913 1914 1 1915 1 1916 1 1917 1 1918 1 1919 1 1920 1 1921 1	Pounds. 1, 162, 253 7, 842, 022 3, 828, 227 712, 998 523, 573 1, 805, 935 4, 131, 469 20, 770, 959 34, 343, 653	Pounds. 3, 586, 600 3, 673, 587 9, 850, 704 13, 487, 481 26, 835, 092 17, 735, 966 33, 739, 960 27, 155, 834 7, 829, 255
		СНЕ	ESE.		
1851 1860	603, 398 1, 401, 161 2, 289, 257 2, 737, 186 2, 655, 370 9, 263, 573 13, 455, 990 40, 817, 524 45, 568, 797 46, 542, 007	10, 361, 189 15, 515, 799 57, 296, 327 127, 553, 907 147, 995, 614 95, 376, 053 48, 419, 353 2, 846, 709 10, 366, 605 6, 337, 559	1913 1914 1915 1916 1917 1918 1919 1920 1921	49, 387, 994 63, 784, 313 50, 138, 520 30, 087, 999 14, 481, 514 9, 839, 305 2, 442, 306 17, 913, 682 16, 584, 678	2, 599, 058 2, 427, 577 55, 362, 917 44, 394, 301 66, 050, 013 44, 330, 978 18, 794, 853 19, 378, 158 10, 825, 503
	CONDEN	SED AND F	EVAPORATED MILK.		
1910 1911 1912 1912 1913 1914	588, 134 630, 308 698, 176 1, 778, 043 14, 599, 339 33, 624, 189	13, 311, 318 12, 180, 445 20, 642, 738 16, 525, 918 16, 209, 082 37, 235, 627	1916 1917 1918 1919 1920 1921	18, 174, 505 18, 375, 698 29, 926, 931 20, 183, 723 19, 080, 642 19, 272, 528	159, 577, 620 259, 102, 213 529, 750, 032 728, 740, 509 708, 463, 187 262, 668, 206

¹ Low-tariff period.

Ехнівіт В.

Effect of imports of butter on the market.

[Market Reporter.]

Week Market price.		Imports.	Remarks.		
1920.	Cents.				
Jan. 3 10	71 -69½ 69½-65	Danish, 300,000 pounds Danish, Argentina, and Hol- land.	Foreign offerings, 593–61.		
17 24	65 -62 63-65 -62½	Danish, 200,000 pounds			
Feb. 7 14	64-62 -64 66-67 -66 66 -66	Danishdo	Danish butter low as 50) cents. The arrival of Danish butter relieved the shortage but boded ill for shippers and dealers.		
21 28	67 -67½ 65½-65	Danish, 690,000 pounds Danish and Canadian	Receipts still below previous week. Large quantities of storage stocks and arrivals re		
Mar. 6	64 -641	Danish, 720,000 pounds	quired to prevent price advance. Brokers are selling new consignments; as a resul prices actually ranged lower than Chicago.		
13 20	65 <u>1</u> -67 <u>1</u> 67 <u>1</u> -68 <u>1</u>	Danish and Canadian	In spite of large stocks of Danish and Canadian ther was a shortage. New offerings of Danish for future shipment around		
27	681-66 66 -67	Thereb 4 000 000	Little justification for the decline.		
Apr. 3 10 17	671-73 75 -72 73 -77	Danish, 4,000,000 pounds	Supplies were short. Strike served to cause shortage. Chicago selling 10 cents under New York.		
May 1 8	73 -64		Chicago selling 10 cents under New York. 12 cents over Chicago. Storage drawn heavily.		
15 22	63-641-63 621-621 64-611	Danish, Holland, and Argentina.			
June 5	61 <u>1</u> -60 60 -55	Holland and Finland Holland, Argentina, and Canada.	Butter going into storage.		
12 19 26	56-571-56 56 -58 581-59		Fancy butter short on most markets. Receipts about 25 per cent lighter than last year. Some of the foreign butter being stored.		
July 3 10 17	59 -58 571-58 571-561	Canadian and Danish (light) Danish, Canadian, and Argentinian, 5,089,280	Storage less than last year. Surplus of undergrades. Felt on New York market and reflected to other markets.		
24 31 Aug. 7	57 -56 56 -55 56 -54	pounds. Danish, 1,574,000 pounds Danish	Danish butter largely put in storage. Prices declined; weak and unsteady. Oversupply.		
Aug. 7	541-551	Daniel	Danish in storage moved at 52? Holdings of Danis act as check. As soon as prices advance the with drawals become numerous.		
21 28 Sept. 3	55½-56 56½-57 56 -57½	Danish	Surplus in undergrades. Danish offered from 55 to 56 cents. Holders of Dar		
11 18	57½-58½ 58 -60 60 -62		ish ready to sell. Shortage in fancy. Surplus of undergrade. Danish selling at 3 to 5 cents below.		
Oct. 2	60 -62 62 -613	Danish, 201,600 pounds Danish and Argentina	Fresh Danish selling at 55 to 57 cents. Argentina a 50 to 51 cents.		
9 16 23	62½-61 61 -59½ 59½-57		Undergrades serious problem, spread 13 to 16 cents. Holdings heavy, new shipments arriving. Centralized butter hard hit and drops 5 cents at Chi		
30	58 -62		cago. Rai: e due to jobbers, who'esa' e grocers, etc., renewin dep. eted stocks.		
Nov. 6	62 -64		Fancy butter scarce, firm demand well above 6 cents. Danish not more than 54 to 58 cents. Free offerings of Danish under 484, f. o. b. New Yor		
13	64 -65	Danish, New Zealand, and Canadian.	does not help instill confidence. Offerings of Danish at 51 cents but no weakness shown.		
20	65 -65	Danish, Argentina, and New Zealand:	Danish at 6 to 8 cents below looked attractive. Net offeringsreported at 51½ to 52½. Argentine offering at 40 to 45 cents, poor.		
27	65 –57	Danish, New Zealand, Canadian, and Argentina.	Slump of 5 cents Friday. Foreign butter aids weak ness. Fresh Danish 55 to 58 cents. New Zealan at 62 cents. Canada at 61 cents. New York clos ing at 8 cents below.		

Effect of imports of butter on the market—Continued.

Week ended—	Market price.	Imports.	Remarks.			
1920. Dec. 4	Cents. 57 -51½	Danish	Increasing use of Danish stock a factor in downward trend. Fresh arrivals the only other factor. The policy of dealers was to sell at any price that would			
11	52 -531	Danish, 1,000,000 pounds	interest buyers. A fluctuating market is the best that can be expected for some time.			
18	54 -55		After a month of weak and unsettled conditions, butter has taken an upward turn.			
25	55 <u>3</u> –56	Danish, 860,000 pounds	A good demand for Danish butter at 51 to 521 cents.			
1921. Jan. 1 8 8	56 -57 57 -53½ 53½-52	New Zealand, 792,000 pounds Danish and Dutch Danish, 145,600 pounds Danish, 2,000,000 pounds; New Zealand, several cars.	Foreign butter still a factor. Weakness on top grades, largely result competition foreign butter. Danish butter as low as ee; light receipts of fancy grades; market uneven and unsettled.			
22	52 -50	Danish, 2,100,000 pounds; New Zealand, several cars.	Real weakness lay in expected arrival of Danish butter.			
29	491-491	Danish, small shipments	Danish importers refuse to sell offerings at a loss. New Zealand still offered at 47 to 48.			
Feb. 5	50 -46	Danish, very heavy	Severe decline attributed to arrival of foreign stocks. The great weakness was caused by the surplus of foreign butter arriving at New York. Danish which arrived the previous week proved of excellent quality and many buyers took it in preference to domestic, so long as it could be purchased at or below domestic price. This caused such a backing up of regular arrivals that receivers simply had to drop prices to a point where Danish competition would be cut. The declining market of course kept buying down to a minimum. Further arrivals of Danish are expected.			
12	44 -44		Recovery followed as soon as butter was cleared up. Shortage developed. Danish stock cleaned up.			
19 26 Mar. 5 12	45 -48 49 -52½ 53½-53 53 -47½	Danish arrivals	Do. Do. Three vessels carrying butter expected to arrive. Weakness continued.			
19	47}-45	Danish and New Zealand	Arrival of Danish stocks held accountable for severe break during recent weeks.			
Apr. 26	45] 46] 44] 49]	Danish	Receipts light. Storage caused upturn; receipt of Danish stocks discontinued and withheld from markets; offerings limited.			
9 16	51 <u>3-49</u> 49 <u>3-4</u> 5	•	Reacted downward under heavy receipts. Market remained either unchanged or advanced fractionally through the week until Thursday, when New York weakened unexpectedly and declined I cent, causing other markets to follow; the decline was caused partially because about 10,000 casks of Danish butter was still unsold on the market.			
23	46 <u>3</u> -41		New York prices on Danish held until Apr. 22, when they cut 1 cent under the market. Buying in all markets was practically on a day-to-day basis.			
30	40]-35]		5-cent break at Chicago.			

EXHIBIT C.

Number of milk cows in the United States per 1,000 persons.

[Dairy Division, United States Department of Agriculture.]

1850	278 276 234	1890. 1900. 1910. 1920.	237 220 223
		1921	

EXHIBIT D.

Normal fluctuation in butter prices in the months of November and December for 10 years [Dairy Division, United States Department of Agriculture.]

Year.	Novem- ber.	Decem- ber.	Year.	Novem- ber.	Decem- ber.
1911	34. 8	37. 8	1916.	39. 4	39. 8
1912	34. 4	37. 2	1917.	45. 05	49. 04
1913	33. 8	36. 1	1918.	63. 28	68. 68
1914	34. 7	33. 9	1919.	71. 15	72. 48
1915	31. 1	35. 1	1920.	63. 22	54. 75

Foreign butter came in freely during these two months.

EXHIBIT E.

Production and uses of milk in the United States, 1920.

[Dairy Division, United States Department of Agriculture.]

	Quantity of produce.	Milk used per unit of product.	Total whole milk used.	Per cent of total milk.
Creamery butter. Farm butter. Cheese (all kinds) Condensed milk (Including evaporated). Powdered milk Powdered cream Malted milk Sterilized milk (canned). Deomargarine (all kinds). Milk chocolate	675, 000, 000 362, 431, 000 1, 578, 015, 000 10, 334, 000 309, 000 19, 715, 000 5, 623, 000	Pounds. 21,000 21,000 10,000 2,500 8,000 19,000 2,200 1,000 .065	Pounds. 18, 135, 117, 000 14, 175, 000, 000 3, 624, 310, 000 3, 945, 038, 000 82, 672, 000 5, 871, 000 43, 373, 000 5, 623, 000 24, 256, 000 60, 000, 000	Pounds. 20, 226 15, 816 4, 042 4, 400 .092 .007 .048 .006 .027
Ice cream		13. 750	3, 575, 000, 000	3. 987
Total milk used in manufacturing	People.	Gallons per capita 43.000	43, 676, 260, 000	48. 712
Fed to calves	21, 012, 000	200.000	4, 202, 000, 000 2, 689, 000, 000	4. 687 3. 000
Grand total			89, 658, 000, 000	100.000

DES MOINES. IOWA, November 8, 1921.

A. M. LOOMIS, Secretary National Dairy Union, Washington, D. C.

Following resolution adopted by Iowa Creamery Secretaries and Managers' Association November 3 representing cooperative creameries of the State:

"Resolved, That we earnestly request the Congress of the United States to impose a tariff requirement of 10 cents per pound on all butter imported into the United States." W. A. WENTWORTH, Secretary.

By Chairman Balderston of the committee on tariff schedules:

[&]quot;Whereas it has been distinctly and conclusively shown by data carefully compiled by competent authorities that a tariff of 10 cents per pound on butter was abso-

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lutely necessary in order that the dairy industry may prosper in the United States: Therefore be it

"Resolved by this conference of the representatives of dairy associations assembled in Buffalo, N. Y.:
"1. That we respectfully urge upon Congress that the above-mentioned rate of

duty on butter be agreed upon in the final passage of the pending tariff law.

"2. That we insist and urge all our constituent and allied interests to insist that the entire dairy product schedule must be on a parity with the rate of duty on butter. We approve the entire schedule suggested by the United States milk produces dairy tariff committee, which was based on the comparative market value of the various constituents of whole milk and is as follows: Milk, 31 cents per gallon; cream. 35 cents per gallon; butter, 10 cents per pound; cheese, 5 cents per pound; condensed milk, 2 cents per pound; casein, 5 cents per pound.

"We would call attention to the fact that casein has been overlooked by the Ways and Means Committee. The American manufacturers of this by-product can not

exist without proper protection.

"3. That any protection the dairy industry may receive by a tariff on dairy products themselves will be very largely negatived if there is not a duty on edible vegetable oils at least equal to the tariff on butter fat. We would urge that there be placed a tariff on copra not less than 50 per cent of the rate of duty placed on vegetable oils. We also recognize the importance of these oils in the industries and arts and would suggest that importers and refiners be allowed a suitable rebate on all such oils that are denatured and used for any purposes other than human food."

Moved by Mr. Pattee, seconded by Mr. Holman that the resolution be adopted as

read. Carried.

A. M. Loomis, Secretary.

Approved:

MILO D. CAMPBELL, Chairman.

Senator McLean. The committee will adjourn, subject to the call of the chairman.

(Thereupon, at 4.30 o'clock p. m., the committee adjourned, subject to the call of the chairman.)

COMMITTEE PRINT—UNREVISED

Note.—This print is for the immediate use of the Committee and is subject to correction before the final print



SCHEDULE 7-AGRICULTURAL PRODUCTS AND PROVISIONS

HEARING

BEFORE THE

COMMITTEE ON FINANCE UNITED STATES SENATE

SIXTY-SEVENTH CONGRESS FIRST SESSION

ON

H. R. 7456

AN ACT TO PROVIDE REVENUE, TO REGULATE COMMERCE WITH FOREIGN COUNTRIES, TO ENCOURAGE THE INDUSTRIES OF THE UNITED STATES,
AND FOR OTHER PURPOSES

NOVEMBER 10, 1921

PART 36

Printed for the use of the Committee on Finance

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1921

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ANDRIEUS A. JONES, New Mexico.
PETER G. GERRY, Rhode Island.
JAMES A. REED, Missouri.
DAVID I. WALSH, Massachusetts.

LEIGHTON C. TAYLOR, Clerk. W. B. STEWART, Assistant Clerk.

11

GRICULTURAL PRODUCTS AND PROVISIONS.

THURSDAY, NOVEMBER 10, 1921.

United States Senate, COMMITTEE ON FINANCE, Washington, D. C.

The committee met, pursuant to adjournment, at 10.30 o'clock a. m., in room 312, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La

Follette, Curtis, Watson, Calder, and Jones.
Present also: Senator Frank R. Gooding and Senator Bert Fernald of Maine.

The CHAIRMAN. The committee will come to order. Senator Fernald wishes to introduce certain gentlemen whom he has brought here and who desire a brief hearing. While it will be out of our regular order, since their statement will undoubtedly be quite brief, without objection the committee will hear them.

CANNED FOODS.

STATEMENT OF MR. CHARLES H. BENTLEY, VICE PRESIDENT CALIFORNIA PACKING CORPORATION, SAN FRANCISCO, AND CHAIRMAN OF THE FOREIGN TRADE COMMITTEE OF THE NATIONAL CANNERS' ASSOCIATION.

Mr. Bentley. My name is Charles H. Bentley; I am vice president of the California Packing Corporation and chairman of the foreign trade committee of the National Canners' Association, an organization representing the bulk of the canning industry in the United States, including canned meats, milk, fish, fruits, and vegetables. These products all come in the agricultural schedule.

In our request for a tariff on canned foods we have been concerned not so much in the matter of securing a protective tariff as with the idea of securing a trading basis, in order that we may negotiate reductions in certain foreign countries which at the present time are shipping canned foods to this country and will continue to do so under the provisions of the pending bill on a much lower rate of tariff than they charge us on similar products which are going to their countries.

In other words, in our endeavor to develop foreign markets on our products, we find ourselves cut off by high import duties, much higher than the duties contemplated in our own country on similar products.

In order to meet this situation two clauses have been put in the special provisions of the tariff bill—302 and 303, and 302 gives administrative freedom within certain limits, giving the President the power to raise the duty against goods coming from a given country which levies a higher rate of duty on similar products as

compared with the duties in this country.

To illustrate, we are admitting products from Japan and France in the way of canned foods in a very much lower rate of duty, and will continue to do so under the provisions of the pending bill, than those countries are charging us on like and similar products. The clause as it now reads in the bill as it comes from the Ways and Means Committee has the expression "like or similar products." We are asking to have that modified, for the reason that under the rulings of the Treasury Department that expression will have to be interpreted as meaning identical products. It is obvious that identical products are not likely to move in opposite directions.

So we are asking modifications to be made in the phraseology of that clause to fit in with the interpretations of the Treasury Department built up on the decisions of the Customs Court of Appeals during many years. In other words, instead of leaving the expression "like or similar products," we are asking to have that changed

to read "products of similar character, purpose or use."

Senator McCumber. Now, give us an illustration.

Mr. Bentley. In the case of France, for example, she is shipping large quantities of canned sardines and pease; Spain is shipping canned pimentos, Italy is shipping canned olives and olive oil and tuna fish; Canada is shipping various kinds of canned fish and canned vegetables into the border towns; Latin-American countries, Argentina and Brazil, are shipping canned meats into this country under a much lower rate of duty than they charge us on our canned foods. We would like to be in a position to use this opportunity for securing reduced tariffs in those countries on the general line of

canned foods.

Senator McCumber. I want to know particularly what you want to set off as against what is similar, orwhatever phraseology you use.

Senator Curtis. Give him an illustration.

Mr. Bentley. I want to ask, for example, that France reduce her tariff on canned vegetables and canned salmon coming from this country, and also canned milk, to meet the level of tariffs which exist in this country as against French exportations—

Senator McCumber (interposing). You desire that France should

lower her tariffs on what, for example.

Mr. Bentley. Sardines and salmon.

Senator McCumber. Take that for illustration, so you can send canned cherries to that country?

Mr. Bentley. Or canned salmon, any kind of canned foods, but particularly canned salmon.

Senator McCumber. That is a pretty broad proposition; that covers the whole line, and if you have nothing of similar——

Mr. Bentley (interposing). We have the general idea of canned

foods, Senator.

Senator Watson. How can we induce France to enact any other sort of a tariff law?

Mr. Bentley. France at the present time is enacting a much higher rate of duty on canned vegetables and canned salmon which go from this country than it is proposed to levy in this country against her canned sardines, vegetables, and fruits shipped to this country and in this she is discriminating, because she admits canned salmon from British Columbia and Canada and from Siberia, where Japan is operating, on a very much lower rate of duty than France charges the United States for canned salmon.

And we hope in this way, by indicating that unless she lowers her duty on canned salmon and canned milk and canned vegetables, which we naturally would ship to her, that we will ask our Government to raise the tariff on French canned foods to the level that she

is charging against our foods.

Senator Curtis. What you want, is it not, is a provision authorizing the President, if advised that any country that discriminates against our products, to increase the duty upon the products of that country?

Mr. Bentley. Products of "similar character, purpose for use." Senator Smoot. Mr. Bentley, you said that in the House provision the words were "like or similar articles"?

Mr. Bentley. Yes, sir.

Senator Smoot. The words are "such or similar articles"; it is not "like or similar." It says "such or similar articles." You will find it in section 302, page 207, in the bill, beginning on line 14 and ending on line 15.

Mr. Bentley. The expression "like or similar products" now under discussion, occurs in lines 4 and 5, page 207, section 302.

Senator McCumber. Similar articles would not mean that if France charged us a high duty on fish that we could then increase our duties on French olives, for instance.

Mr. Bentley. Well, that would be a question, of course.

Senator McCumber. That would neither be "such or similar."

Mr. Bentley. We would hope that it would apply to the general line of canned foods.

Senator McCumber. What you want to do is to make just the broad statement that we can change our tariffs on all of our canned goods to meet the prices on canned goods of all character coming from another country?

Mr. Bentley. Yes, sir.

Senator Smoot. There has never been a ruling by the Treasury Department that the words "such or similar" means "identical." There never has been a ruling of that kind, and why now bring the question up? What must have happened now that you bring this question before the committee?

Mr. Bentley. Because, Senator, the matter was taken up with the Treasury Department, and we were informed by the bureau which has this interpretation in hand that the expression "such or similar" would have to be interpreted as "identical."

Senator Smoot. It has not been interpreted that way in the past, and why should it be now? Those very words have been used before, and they have never been interpreted as you say they now contemplate.

Mr. Bentley. We have been so informed by the Treasury Department under the rulings.

Senator SMOOT. Who was it that told you that?

Mr. Bentley. I was told that by Mr. Ashworth, to whom we were referred to by members of the Ways and Means Committee. He stated that on the decisions of the Court of Customs Appeals they had built up what they called a table of "similitudes" or definitions, I presume they are, and that under the expression "such or similar products" they would feel compelled to interpret that to mean "identical products."

"identical products."

Senator Smoot. I think that ruling, however, was on the classification of goods rather than interpreted in the words that have been

in the law so long. But when did you see Mr. Ashworth?

Mr. Bentley. Within the past 10 days. I should say about a week ago.

Senator Watson. Well, we have his viewpoint, anyhow.

Mr. Bentley. Mr. Chairman, might I distribute these? They will show exactly what we have in mind.

(The documents submitted by Mr. Bentley and distributed to the committee are here printed in full, as follows:)

[The words and phrases canceled are the words in the special section 302 of the new tariff bill as it now reads. The words and phrases in italics are the suggested substitutions.]

TITLE III.

SPECIAL PROVISIONS.

SEC. 302. That with a view to securing reciprocal trade and regulating the com merce of the United States with countries, dependencies, colonies, Provinces, or other political subdivisions of government, producing and exporting to the United States any article or merchandise upon which a duty is imposed by the laws thereof and for these purposes, whenever and so often as the President shall be satisfied that the government of any country, dependency, colony. Province, or other political subdivision thereof, imposes duties or other exactions, limitations, or embargoes upon like or similar products of the United States products of the United States similar in rharacter, quality, or use which, in view of the duties imposed thereupon when imported into the United States, he may deem to be higher and reciprocally unequal and unreasonable, he shall have the power, and it shall be his duty, to suspend by proclamation said provisions of the laws of the United States imposing the duties upon such articles or merchandise products of such country, dependency, colony, Province, or other political subdivision of government, when and for such time as he shall deem just and in such cases and during such suspension, upon the importation of any such or similar article or merchandisc such products into the United States whether the same in are imported in the same condition and when exported from the country of exportation or has have been changed in condition by manufacture or otherwise and whether same has been imported directly from the country of production or otherwise, duties shall be levied, collected, and paid upon such article or merchandise or products of such designated country which shall by the President be ascertained and proclaimed to be equal to the duties or other exactions, limitations, or embargoes imposed thereupon when exported from the United States to such country, dependency, colony, Province, or other political subdivision of government.

Senator Smoot. Mr. Bentley, you brought this to my attention the other day?

Mr. Bentley. Yes, sir.

Senator Smoot. And I looked it up after you were in the office, and I found these identical words have been used, and I believe they have never been construed by the department, and the department advises me they will not be construed, as meaning "identical" goods.

Mr. Bentley. Mr. Ashworth's opinion was apparently based upon the decisions of the Customs Court of Appeals, and we concluded that it might be permitted to suggest wording that would be clear and comprehensive.

POULTRY AND POULTRY PRODUCTS.

The Chairman. We will now proceed with our regular calendar, and will first hear Mr. Knox Boude.

STATEMENT OF MR. KNOX BOUDE, REPRESENTING AMERICAN POULTRY ASSOCIATION AND EGG MARKET-ING ASSOCIATIONS, PETALUMA, CALIF.

The CHAIRMAN. Where do you reside, Mr. Boude?

Mr. BOUDE. I reside at Petaluma, Calif. The CHAIRMAN. What is your occupation?

Mr. Boude. My occupation is that of a farmer who specializes in poultry. My farm is devoted to two products, poultry and apples. I am a specialist in poultry.

The CHAIRMAN. You speak for the American Poultry Association,

do you?

Mr. Boude. Yes, sir. I represent some nine associations—the Pacific coast cooperative associations of Washington, Oregon, and California. The American Poultry Association, which is the general association of the United States, and in respect to the tariff on eggs and poultry, I have been given permission to present the views of the American Farm Bureau Federation and also of the National Grange.

The Chairman. Very well; will you proceed in your own way to

inform the committee of your views?

Mr. Boude. Gentlemen, the American hen lays approximately 1,767,000,000 dozen eggs per year that find their way to the market from the farmers to the consumers. Another 500,000,000 dozen is used upon the farms and in the various processes of incubation, so that we have had a surplus during the past few years, and there has been an exportation of 10,000,000, 20,000,000, and 40,000,000 dozen eggs per year. The amount paid for eggs to the farmers—the producers in the United States—was \$782,000,000, and for poultry \$441,750,000, making a total of \$1,223,750,000. These figures apply to the last two years.

Senator LA FOLLETTE. What was that figure for poultry that you

just gave us?

Mr. Boude. \$441,750,000. In the matter of railroad transportation, there was hauled last year 251,350 carloads. In giving figures I do not take the highest estimates as reported by the Department of Agriculture. We have not included the 500,000,000 dozens that were used on the farms for edible purposes or for purposes of incubation. I believe the Department of Agriculture places a value of \$250,000,000 on those eggs. So that the total figures for last year's product are in excess of \$1,500,000,000.

Senator Warson. That does not include those sent by express,

does it?

Mr. Boude. I could not say. There are some phases, Senator, on which it is hard to get statistics. But the figures of the department are larger than my figures; so I think that we are conservative.

It is a very large industry, because it concerns about 90 per cent of the farms in the United States. The Government has fostered the industry through the agricultural experiment stations and found ways and means to increase the average yield per hen. But the fact remains that one important factor in the marketing of eggs is that the hen produces eggs only about nine months in the year. The winter season is taken for a time of rest and growing a new set of feathers.

The only solution that we have so far found to the process of distribution is cold storage. In the spring there is an enormous excess production, and from the daily accumulations sufficient quantities are sent to cold storage to be distributed in an orderly manner during the cold months, when fresh eggs are scarce and exceedingly high.

The CHAIRMAN. Is there any accumulation during the winter sea-

son at all?

Mr. BOUDE. There is no accumulation during the winter. That occurs only during the spring.

The Chairman. Absolutely?

Mr. BOUDE. Absolutely: we can get a few sport hens and pullets from which, if we house them and give them heat and a great deal of special care and attention, we can get a limited supply, which constitutes our source of fresh eggs for winter.

Senator LA FOLLETTE. Have you any statistics that show exactly

the production in the winter months?

Mr. BOUDE. I do not think I have. But just taking my ordinary flock it is about 20 to 30 per cent—20 per cent usually. Occasionally you will get an unusually favorable winter, where some of the spring conditions are reproduced. Then if those conditions are extra good you can get up to 30 per cent.

Senator La Follette. About 30 per cent?

Mr. BOUDE. Thirty per cent is the limit; usually 20 per cent. Senator McCumber. Thirty per cent of the spring production?

Mr. BOUDE. Thirty per cent, provided you raise sufficient pullets, which are very expensive to raise; that is, in the process of reproduction, their eggs being used for incubation.

Senator McCumber. That is where you would have mild weather?

Mr. BOUDE. Yes, sir.

Senator MCCUMBER. That would not be true in the North Central States at all, would it, where they have long winters and cold winters?

Senator LA FOLLETTE. It all depends on how they are kept,

Senator.

Senator McCumber. I assume that.

Senator Watson. What is the extent of importation?

Mr. Boude. The importations rose in 1914, following the enactment of the Underwood-Simmons Act, to 6,000,000 dozens per annum. Importers on the Pacific coast announced that they would make an annual price of 15 cents per dozen, f. o. b. cars San Francisco, and offered yearly contracts. However, the war broke out, and the boats were taken off the Pacific, so that importations were prevented during the war period.

Senator Watson. Where from?

Mr. Boude. They were brought from China at the rate of about 2,000,000 dozen per annum. But fell one year to 1,333,000 dozens. Last year imports increased and this year during the first eight

months, there were 2,620,640 dozens imported. During the same period, eggs in frozen and dried form, aggregating 9,018,665 dozen, were also imported and came in competition with the American product. The Government statistics do not state the dried product separately from the frozen, but each pound of dried eggs imported would represent approximately 3 pounds of fresh eggs.

The CHAIRMAN. Are these Chinese eggs imported over here in

pretty fair shape?

Mr. BOUDE. They are getting them here in better shape all the

The CHAIRMAN. I would expect that they are a little spoiled, some of them.

Mr. BOUDE. They can remove the spoiled ones by candling and sell only the best ones to the public. The Chinese eggs are six weeks old and in some cases two months old when they arrive.

Senator Warson. At what cost are they laid down?

Mr. BOUDE. I am going to put in evidence in a few moments the prewar prices of sending Chinese eggs as reported by our consuls. Here is a report of an investigation made by the University of Oregon. On pages 27 and 28 and 29 are presented tables of costs as reported by the United States consuls. They show that the costs before the war were from 2 to 6 cents per dozen as paid by exporters over there, or importers here, whichever way you wish to put it.

(The tables on cost of eggs submitted by Mr. Boude are here

printed in full, as follows:)

PRICES PAID PRODUCERS.

The following data, showing the very low prices at which eggs may be obtained from the Chinese producers in the various districts, is taken from reports of the United

States consular officers at the principal egg markets of China:

States consular officers at the principal egg markets of China:

Hankow (seaport): During the past five years the price of eggs has materially increased; in some districts it has more than doubled. This depends to a large extent upon the proximity of the producer to Hankow, where are located the manufacturing plants. Another important factor in the increase in the price of eggs, as well as of other articles, is the method adopted by a British cold-storage plant here, which carries in cold storage to Europe, game, poultry, eggs, and meat. This company sends out purchasing agents to collect eggs regularly in certain districts, which creates a ready local market for all the output and that at a maximum price.

The summer price of eggs, as ascertained from 20 localities, varies from 140 to 280 eggs for a Mexican dollar (40 cents United States currency), dependent upon the remotences of the district from the large markets and the accessibility to transport.

eggs for a Mexican dollar (40 cents United States currency), dependent upon the remoteness of the district from the large markets and the accessibility to transport.

During the season (that is. in the spring) eggs can be bought for less than 8 Hankow taels (approximately \$5.29 United States currency) per picul of 133½ pounds. The number of eggs per picul varies from 1,200 to 1,500; thus. the price per dozen would range from 4.23 to 5.59 cents (United States currency). The average price is between \$5.29 and \$5.62, but it rises to \$5.95 in the winter months.

Newtring (searcest): Figgs are purchased by the local exporters here at prices ranging.

Nanking (seaport): Eggs are purchased by the local exporters here at prices ranging from 40 to 42 cents per gross and are being consigned to the United States as follows:

Fresh eggs, per dozen......\$0.046 Eggs frozen in tins, per pound.....

The rate of exchange and supply may ultimately cause some variation in the cost. Thus far, however, the exporters have experienced no difficulty in securing all they

can handle—about 25,000 dozens per day... Shanghai (seaport): A few years ago the price throughout the year at the open ports on the Yangtze averaged 4 to 5 cash each. This is the equivalent in United States money of approximately 2 cents per dozen. The abolition of these old copper cash, however, and the substitution of 10-cash pieces (or cents) resulted in raising prices in general.

There are five grades of eggs on this market, the grades being by size of eggs. larger eggs are intended for export. The up-country prices fluctuate constantly and it is not possible to give even a season average. The egg-product factories buy by weight. The lowest price by weight (mixed grades) works out at about \$6.50 Mexican for 1,000 eggs, or about \$3.15 United States currency. Egg-product factories do not Mexican (eay \$4.35 United States currency) per thousand.

Of the larger eggs, the up-country prices in the winter months run from \$11 to \$18

Mexican per 1,000. In summer, they are as low as \$9 Mexican.

The egg prices fluctuate, of course, with the demand, and the heavy shipments to the United States have hed course.

the United States have had something to do with increasing prices. Prices during the winter of 1913-14 ranged from 10 Shanghai taels (approximately \$6.32 United States currency) to 17 Shanghai taels (approximately \$10.75) per 1,000. To these prices must be added freight and charges, the latter including cases and fillers, packing, export duty, wharfage dues, insurance, and incidentals, averaging in the neighborhood of 1 tael (approximately 631 cents United States currency) per case.

The eggs are purchased by agents of the Shanghai retail produce merchants, who

visit the farming localities at regular intervals for this operation. The farmer generally sells his eggs at about \$4.60 (United States currency) per 1,000. Of course, this price the supply and demand and fluctuates accordingly. The transvisit the farming localities at regular intervals for this special purpose. The eggs are then transported to Shanghai by rail, canal, or river shipments. The farmer generally is dependent upon the supply and demand and fluctuates accordingly. The transportation charges are usually defrayed by the Shanghai merchant, who resells the eggs to local exporters at various prices ranging from \$6.25 to \$8 (United States currency) per 1,000. This price also fluctuates, but these figures are approximate. The exporter, in turn, sells the eggs to his clients abroad at prices mutually arranged for either by contract or agreement. The cost of crating, packing, insurance, etc., are usually borne by the exoprter.

Tsingtau (seaport): The prices vary constantly, being lower in summer than in winter. This office has no accurate data on the prices paid for eggs by the collecting middle men. From information obtained from local Chinese, however, it seems evident that eggs thus purchased probably cost from 2 cents to 5 cents (United States

currency) per dozen. They are small eggs.

Tientsin (seaport): The average prices paid by the exporters at the present rate of exchange are from 20 to 40 cents (United States currency) per hundred, the pro-

ducers being paid slightly lower prices.

Hankow (seaport): To-day (Sept. 2, 1915), fresh eggs sell in the market at about 900 cash (35 cents, United States currency) per 100, and this is at least 25 per cent above the market price of five years ago. It can not be considered exorbitant, though these eggs are very small.

Canton (seaport): The following prices, in gold, are asked (May 20, 1915) per 1,000 for chicken eggs by the wholesale dealers at Canton: Large, \$9.10; medium, \$8.40; small, \$7.82. The prices are, of course, subject to fluctuation as exchange rises and

Swatow (seaport): The price in the interior is about 51 cents and in Swatow 72 cents per dozen. In summer, when exportation is scarcely feasible, the price is lower. Chefoo (seaport): With the introduction of railways into Shantung, the organiza-tion of cold-storage facilities for the shipment of foodstuffs abroad, and the erection of factories for drying and condensing eggs for foreign consumption, prices have risen enormously. Fifteen years ago \$1 in United States currency purchased about 900 eggs (about 1.3 cents per dozen). The lowest price, or rather the price at that season of the year when eggs are most plentiful, is now 360 for \$1, or about 3.3 cents per dozen.

Harbin (inland): In general, the price of eggs in the Harbin market is 50 cents, gold, per hundred, in large quantities. They retail to the consumer at from 7 to 9 cents, gold, per dozen. It is believed that the farmer receives an average of approxi-

mately 30 cents, gold, per hundred, for his eggs.

Hongkong (seaport): Prices of ordinary lots early in March, 1913, ranged from \$6.24 to \$6.72 (gold) per thousand, fluctuating between comparatively narrow margins from day to day. During 1912, the highest price in the Hongkong market, wholesale, was \$6.68 (gold) per thousand.

The report of the Dominion Department of Agriculture for the week of August 1-8, on page 4, contains the following in regard to Chinese bulk eggs:

The Paris health authorities have been inquiring into the advisability of using Chinese eggs in the making of cakes and pastry and have come to the conclusion that during the hot weather the use of these eggs is dangerous. ('hinese eggs are imported into Europe without their shells, being frozen and packed in kegs. Analysis shows that 24 hours after they have been thawed, a single teaspoonful of the mixture con-

tains 36,000 harmful microbes.

M. Martel, the health inspector, who has been conducting the investigation, recommends that pastry cooks and restaurant keepers should be forbidden to use Chinese eggs, except for biscuit making, where the very high temperature is sufficient to kill the germs. Private consumers, of course, have never been used to Chinese eggs, which are only sold in bulk.—Teuter, London Observer, July 24, 1921.

Senator Warson. And do you know what the cost of a dozen of eggs would be from China laid down in Chicago.

Mr. Boude. I had prepared to touch on that a little later, when I

brought up the matter of transportation costs.

Senator Warson. I was trying to find out what the real compe-

tition of the American eggs was with the Chinese.

Mr. Boude. I will make just a few statements about the economic condition. In the spring of the year eggs always fall below the cost of production upon the farms. This condition has always obtained. During that time, of course, the consumer is protected for other portions of the year by cold storage. The eggs go in storage at low prices, so they can provide a later supply at higher prices during the following fall and winter.

We have asked for a protection which will run uniformly at 8 cents per dozen upon shell eggs, which I am speaking of in this instance, because we believe that that will come somewhere near the difference between the cost in America and the cost abroad. We originally asked for 10 cents a dozen, but we have reduced these figures to 8 cents, because we have declining markets all over the world and

declining silver which is a factor in Chinese trade.

The prices at Shanghai, prewar, were around 6 cents, as I have already submitted in the report of the University of Oregon. With an 8-cent duty and 5-cent freight rate, which is the ordinary ocean rate to Seattle, Portland, or San Francisco, that would enable them to lay eggs down at 19 cents per dozen. The price of eggs or the cost of eggs in America has not been settled by the Department of Agriculture or the various departments of the universities. Some of the universities are not making surveys, and I assume the Department of Agriculture is. We ordinarily took 25 cents a dozen as prewar cost of producing one dozen eggs, when you reckon all the yearly factors that have to do with the cost.

For 23 years, gentlemen, beginning with 1890, shell eggs were on the protected list. They bore 5 cents a dozen duty during that time, except for three years, from 1894 to 1897, during the Wilson-Gorman or Wilson-Vorhees Act, when they were 3 cents a dozen.

Australia puts a tariff upon eggs of 12 cents a dozen, which is prohibitory to us. But during their season, which is the reverse of ours, they ship eggs to the United States.

They also have an embargo against Chinese eggs, for the benefit of the home producer and the encouragement of home production.

Senator LA FOLLETTE. Did you give the total importation of eggs for eight months? I understood you to give the figures.

Mr. Boude. Yes, sir.

Senator LA FOLLETTE. I mean the importation into this country from all countries for eight months, or was that limited to China?

Mr. Boude. This is as reported by the Department of Commerce up to September 1.

Senator LA FOLLETTE. And takes in all of the importations? Mr. Boude. 2,620,643 dozens, in shell, alone; not including dried

Senator Calder. I was not here during the early part of your testimony. Can you give the committee the quantity of eggs im-

ported from Canada?

Mr. Boude. Yes, sir. The importations and exportations back and forth across the border last year were practically equal, being They have an import duty upon our 215,000 cases of 30 dozen each. eggs of 3 cents a dozen, and the Minister of Agriculture at Ottawa also has the power to embargo the importations of Chinese eggs whenever in his judgment it is against the interests of the Canadian producers for them to be received.

Senator CALDER. And the duty at 3 cents a dozen in Canada

against our eggs?

Mr. Boude. Against our eggs; we have none on theirs.

I wish to call attention to the fact that the Department of Agriculture, the universities, and the colleges have done all that they possibly could to encourage the prodction of eggs in the United States.

I wish to lay down just a few fundamental arguments-

Senator CALDER (interposing). Just before you get to that, did you state the total amount of eggs exported from this country? Have you those figures?

Mr. BOUDE. I have not, but there is a gentleman to follow me who

is prepared to give those figures, in detail.

Senator CALDER. I would like the record to show what quantity

of eggs were imported and what quantity of eggs were exported.

Mr. Boude. Prof. Rice, of Cornell, is here and will follow me He has charts showing this. He has made an academic study of the whole situation and, Senator, he will present it to you. only a farmer-producer, and am presenting this statement on behalf of the producers.

I want to submit the following arguments as to why we should have an adequate tariff of 8 cents a dozen: The Chinese eggs in shell, frozen, and dried sell in competition with the American eggs and every egg that is imported from China displaces an American egg, because we are producing a surplus and ultimately, if you carry this out to its conclusion it displaces the American hen and the American

producer.

The Chinese standards of living are entirely different from ours, and the American standard of living is high, and we are trying to increase or at least retain the American standard of living upon the We are pointing out that it is a desirable thing because of our standards of living that we retain the present high production and put a tariff upon the Chinese imports. Every Chinese egg sold is sold at a price necessarily below the price of the American egg, and therefore the American farmer can not compete when prices are cut.

Senator Smoot. Are they as good as the American eggs? Mr. BOUDE. They are inferior. So they cut the price and break the markets where our eggs are sold.

Senator McCumber. For cooking purposes they answer the same

purposes?

Mr. Boude. Oh, yes; they answer the purposes of a cheap egg. We are not going on record as desiring an embargo in the way of a tariff, gentlemen. It just follows as a natural sequence that if we permit too many of our farm products to be sold at a loss—this has been brought out by those appearing on behalf of wool and wheat and other things that are often times sold at a loss—that it is going to have an injurious effect upon our agriculture, and we wish to do all that we can to keep agriculture upon the best possible basis.

I want to call attention to another thing that is an economic loss. Our American market is already overloaded with eggs. An effort is now being made to export 500,000 cases of the present surplus in cold storage, because it is feared we have too many. The foreign markets, the rates of exchange—everything is against the exporta-

tion of these eggs.

Senator CALDER. That may be so, but still the markets for cold-

storage eggs keeps up in price pretty well, does it not?

Mr. BOUDE. That is because of a scarcity in fresh-egg production; they bid for the fresh eggs instead of using the eggs that have been stored for the normal consumption.

Senator CALDER. But in New York we are not getting our cold-

storage eggs much cheaper than the fresh eggs, are we?

Mr. Boude. They took them away from us farmers at around 25 cents.

Senator Calder. We are paying something like 65 cents to-day. Senator Curtis. I am paying 76 cents for fresh eggs.

Senator Smoot. I am paying 85 cents for fresh eggs.

Senator CALDER. I want to help the farmer, but I also represent a city which is a great consumer of eggs.

Senator LA FOLLETTE. What is the farmer realizing for eggs

to-dav ?

Mr. BOUDE. I recently looked up the quotations at the Kansas City market. I could not find the Omaha markets. The Kansas City market was around 50 cents for fresh and 40 cents for coldstorage eggs.

Senator LA Follette. That means after the eggs are delivered to

the commission merchant?

Mr. BOUDE. That is what they are asking f. o. b. cars Kansas City, which is in the heart of the egg-producing district.

Senator La Follette. Are you a farmer?

Mr. Boude. I am a farmer, yes, Senator, and I have no other method of making my living except on the farm.

Senator LA FOLLETTE. What are you realizing on the eggs that

you are marketing to-day?

Mr. Boude. My wife wrote me that she was receiving 60 cents per dozen.

Senator La Follette. Where did you ship from?

Mr. BOUDE. I sell at Petaluma, Calif.

Senator Smoot. I paid 85 cents for them delivered at the house

to-day.

Senator Curtis. I bought 30 dozen last week at Topeka and had them shipped here, and they cost me laid down in Washington, after paying express, 66 cents a dozen—fresh eggs.

Senator Gooding. Your eggs go direct to the consumer, do they not?

Mr. BOUDE. There is a regular channel of distribution. We have never been able to break over that. We have to use the middleman.

Senator CALDER. The people in the centers of population are not able to go to the middleman. Take New York City, with 6,000,000 people. The farmers do not sell direct to us; their eggs go through two hands—two middlemen.

Mr. BOUDE. It is a study, gentlemen. I hope you can solve it some day. We are willing to do anything in the world to meet you and to study it out. I have studied it in California. It is a very difficult matter.

Senator Smoot. Is it not a question of distribution rather than a question of importation? For instance, in the nine months ending September, you exported 21,195,249 dozens of eggs, and we imported during that same period only 2,707,933 dozen; and that is only about one-seventh of 1 per cent of the importations as compared with the exportations.

Mr. Boude. Precisely, so far as eggs in the shell are concerned. Senator Smoot. And is it not a question of distribution in this country rather than a question of importation under a protective tariff?

Mr. Boude. I can not agree with you, quite, Senator, in this way: China is the largest potential egg producer in the world. In the last four or five years she has increased her export trade by leaps and bounds and especially since we put more boats on the Pacific. They all have refrigerator space available. We are wrestling with the problems of deflation, and the fact that the farmer is not getting what he used to get. It is simply a question of what China can do to us, not entirely what she has done just yet, but what she is going on to do. They assure us that they are able to put the American producer out of business.

Senator Smoot. What do you ask for?

Mr. Boude. We ask for 8 cents on shell eggs.

Senator Curtis. I want to add right there—and I think Mr. Mercer over there will probably recall the instance—in 1914 an importer of eggs from China who lived in San Francisco came to Kansas City, Mo., and offered to sell eggs there at 10 cents a dozen.

Mr. Boude. On contract?

Senator Curtis. Yes, sir.

Senator CALDER. A moment ago you said you were receiving 60 cents a dozen for your eggs?

Mr. Boude. Yes.

Senator CALDER. You do not want protection on those eggs, do

you? Is not that enough?

Mr. BOUDE. But we are not getting at my place enough eggs to more than meet the cost of our feed, because the flock is not laying very much right now.

Senator Smoot. Under the existing law it is 2 cents a dozen; under the Payne-Aldrich law it was 5 cents, and the House bill has

given you 6 cents, and you want 8 cents?

Mr. BOUDE. We want 8 cents. Under the Underwood-Simmons Act shell eggs are free; frozen eggs are 2 cents.

Senator Smoot. Eggs in the shell?

Mr. Boude. Eggs in the shell are free at the present time.

Senator Smoot. I guess not.

Mr. Boude. Gentlemen, just a word about transportation. I wish to call your attention to certain matters about rates. We pay from either Seattle, Portland, or San Francisco a rate of \$3.33 per hundred pounds to New York, which is the great consuming market in the United States. That amounts to about 6 cents a dozen. When the blizzards comes, we are obliged to ship by express, because the spring comes quicker on the coast, and if there be any shortage it is just then that you need the eggs. So if they are shipped by express, it is double that, and it costs \$6.66 a hundred, or about 12 cents per dozen. When they ship Chinese eggs in train loads, as they came in last winter—they bring them to Seattle, Portland, and San Francisco and send them across—there is a rate of \$2.60.

Senator LA FOLLETTE. What is their rate delivered at Seattle? Mr. BOUDE. Their rate is between 4 and 5 cents, I understand, at the present time. But they are reducing the rate all the time. It is only about 6 cents through the Canal to New York, if they send

them that way.

There was a point I want to bring out as to this compensatory duty in the way of transportation upon the imported Chinese eggs of 73 cents per hundred, which amounts to \$146 on a carload of 20,000 pounds. I confirmed these figures with Chairman Clark when he was chairman of the Interstate Commerce Commission, so as to have them accurate before we should attempt to give them to anyone.

I just wanted to bring out one thought about it, that the importation of eight dozen eggs or eight pounds of frozen eggs puts an American hen out of business. At the present time these importations that we have received—importations particularly of frozen eggs—the gentleman who succeeds me is going to speak especially on that subject—with the shipload that is coming through the canal now for New York, there will be about 32,000,000 pounds of frozen eggs on board in storage.

That represents the product of 4,000,000 hens. That is only an example of what China can do to us if we permit these eggs to come without an adequate duty to protect the American product.

without an adequate duty to protect the American producer.

Senator Gooding. Do you know anything about the average price of eggs in the Middle West during the month of April, May, and June

of this year—the price the farmer was getting?

Mr. BOUDE. It ran from 10 to 12 cents, I understand, in Texas, Oklahoma, Kansas, and parts of Missouri. Of course, there was a high freight rate. The New York price fell almost to 20 cents. You consider the high transportation charges that would cause prices to decline at the farm to a greater extent.

Senator Gooding. Ten or fifteen cents a dozen to the farmer.

Mr. Boude. Yes, that would be about it.

I have presented the phase of the shell egg, gentlemen. The gentlemen who follow me will present the facts of the frozen egg and of the dried egg. We are dividing the time and hoping not to repeat our facts and arguments.

The CHAIRMAN. The committee will proceed and is anxious to get through with these hearings, and we have some cattle and live stock

men who desire to be heard to-day.

We will next hear Mr. Lewis, of Davisville, R. I., representing the International Baby Chick Association and the American Poultry Association.

Where do you reside, Mr. Lewis?

STATEMENT OF MR. HARRY LEWIS, REPRESENTING INTER-NATIONAL BABY CHICK ASSOCIATION AND AMERICAN POULTRY ASSOCIATION, DAVISVILLE, R. I.

Mr. Lewis. I reside at Davisville, R. I.

The CHAIRMAN. You are a farmer?

Mr. Lewis. Yes, sir: a poultry and dairy farmer.

The CHAIRMAN. Will you state your views to the committee?

Mr. Lewis. As Mr. Boude, the previous speaker, has just mentioned, in order to save the time of you gentlemen and not repeat. I am going to confine my remarks entirely to questions concerning

the dry egg and the frozen egg.

First, just a word about quantity. It is unfortunate that the report of the Department of Commerce does not distinguish in detail as between importations of dry and frozen eggs, but from the statistics we have available it is a pretty good estimate to say that between four and five million pounds of dried eggs are imported into the United States out of 25,000,000 or 30,000,000 pounds which the department reports in the form of frozen and dried eggs; in other words, probably one-fifth come in in that form.

These importations came in last year. They have steadily been increasing since 1914, and the evidence is that they will be much

larger this year.

Just a word as to quality. Dried eggs are prepared from whites. yolks, and the whole egg, or mixtures of whites and yolks. I do not know but what you gentlemen have seen the products to which I am In case you have not, I will give you a little of this so you can see it [exhibiting sample of dried eggs to the committee]. I would not advise you to follow the example of my stenographer the other day, when we opened one of these boxes. Womanlike, she moistened her finger and dipped it into the dried egg, and she said she has not wanted to eat an egg since. That is nothing against the quality, however, as in that form it is not very tasty.

The CHAIRMAN. What is that? [Referring to sample.]
Mr. Lewis. That is dried egg. That is the form in which it is put out in commerce, primarily for the use of the housewife. Senator Smoor. What is it worth to-day per pound?

Mr. Lewis. I do not know what it is selling at retail, but in contract prices anywhere from 90 cents to \$1 a pound.

Senator Smoot. And this bill provides 15 cents a pound?

Mr. Lewis. Yes, sir.

Senator Smoot. And the Underwood bill 10 cents?

Mr. Lewis. And we are asking for 24 cents on the dried egg.

Senator Smoot. What is a dried egg worth in China to-day?

Mr. Lewis. The product, you mean?

Senator Smoot. Yes.

Mr. Lewis. Of course, that is made from shell eggs, which I referred to, which are about 8 or 10 cents a dozen, and as it takes 3 dozen eggs to a pound of dried egg, the process is approximately three times that.

Senator Smoot. The invoice prices on the last dried eggs that came

in from China was 16 cents per pound?

Mr. Lewis. The desiccated eggs can not be as universally substituted for shell eggs as the frozen product, because "lifting power" of the white is partially destroyed by the process of drying. This product is used in large quantities in what is termed by the bakers "flat baking." This product is used primarily in the preparation of home foodstuffs, although it has other uses in this country in the fixing of dyes for cotton cloth, and in making certain medical preparations for skin treatment, etc.

From the best information we have the following facts apply regarding the prices, and the commercial uses of dried albumen are rapidly increasing in the United States. The product usually sells

in this country for 90 cents to \$1 a pound.

The rate in the Fordney bill as reported by the House is 15 cents per pound specific duty on all three products—the dried albumen, the dried yolk, and the dried whole egg. The American Poultry Association is asking the Senate Finance Committee to raise the rate to 24 cents per pound, specific. Ordinarily it has been found true by firms engaged in the business of drying eggs that 3 dozen shelled eggs make 1 pound of dried or desiccated eggs. There is an overrun, it is found, in the case of American eggs, which run somewhat larger and better in quality. The tariff rate of 8 cents per dozen on shelled eggs is in the proportion of 24 cents per pound on dried or desiccated eggs.

There are just two or three points I want to bring out in connection with the dried-egg situation in the way of argument for the tariff which we request. It is very evident from a study of the situation that in the last few years, due to the development of this industry in China, the industry in this country which previously existed on a fairly strong basis has almost entirely been destroyed, and I quote you figures from the United States Department of Agriculture to

show proof of that [reading]:

During 1918 the average price of fresh eggs in the United States was 48.45 cents per dozen, as compared with 12 cents in China. Labor costs are also considerably higher in this country than in China. Several years ago there were considerable quantities of desiccated eggs manufactured in this country. However, as a consequence of the comparative cheapness of Chinese labor and raw material, most of the machinery in these factories has been shipped to China for use in plants operated by American capital and under American management. Most of the dried product shipped into this country by these concerns is handled by their home agents.

The machinery for drying and desiccating of these eggs is, a great deal of it, owned and patented by the firms carrying on the process.

In other words, as a result of the development of the Chinese egg supply, the drying industry in this country has practically been done away with.

Senator Smoot. That is on account of the use of the frozen egg

more than the dried egg?

Mr. Lewis. Both to quite an extent. Probably the frozen-egg industry in this country has not been injured to quite the same extent as the dried-egg industry has.

Senator Smoot. That has been increasing right along?

Mr. Lewis. The main point is that the American egg is cheap enough to make this business profitable in this country even in spite

of the tendency to import extensively from China.

As mentioned a little while ago, the prices received in the southern States, and for some 10 or 12 weeks during the last spring of 1921 the price of shelled eggs in the States of Texas, Oklahoma, Kansas, Missouri, and Nebraska ranged about 12 cents a dozen. This was down to substantially prewar level.

If they can freeze and dry eggs profitably in China at these prices

may we not do it also in this country?

The object in asking a tariff upon dried eggs is to induce the men engaged in buying and shipping eggs in these western and southwestern States to establish drying and freezing plants, using the American product and employing American labor. A protective duty of 25 cents per pound would be a material inducement to American business men to reestablish this industry in this country, and it does not seem to us a bit unfair to make the rate at that point.

Senator La Follette. Do you know about what time the market

dropped to 10 or 12 cents?

Mr. Lewis. Yes; in the spring. You see, the hen, as Mr. Boude previously mentioned, lays eggs primarily to reproduce herself. When we operate a poultry farm we are commercializing the reproductive functions of the hen, and the natural egg-laying season of the hen is in the spring months. It is that season of the year that the farms of this country provide the great bulk of eggs which must carry us through for 12 months, and it is the one season of the year when eggs are very, very cheap; and if it was not for refrigeration and methods of cold storage, of course we would be paying fabulous sums for eggs this time of the year and we would get the eggs which were laid in the spring at nothing; they would be worth nothing on the farm. So it is in the natural breeding season, in the spring months, that the price reaches the lowest level, when the hen is producing at the maximum.

The farm hen does not produce to any extent outside of that time. There are a considerable number of eggs produced in country poultry centers on the east coast and west coast during the winter, but it is only by very careful, painstaking methods, by immense investment in equipment and by a great deal of training and experience that that can be accomplished, and it is only those very few eggs produced in those sections that bring those fancy prices we have been speaking about; those who must have fresh eggs and pay for them high prices when only a few are available. When you stop to think of all the eggs consumed in New York City in a year, less than 5 per cent are known as "near-by," you get some idea of how small a problem the fresh egg is in this poultry problem throughout the

United States.

Senator CALDER. Nevertheless, the market on cold-storage eggs holds up pretty well, does it not? I know that in New York we are not getting our cold-storage eggs much cheaper than the fresh eggs.

Mr. Lewis. Possibly so; and justly so, because it costs quite an item to put eggs in cold storage and keep them there. There is also a big element of loss connected with it; the possibility of overproduc-

tion and the prices not holding up as they would otherwise; and if it was not for the cold-storage eggs, the probability is that you could

not buy eggs for any sum at the present time.

The point I make is that the industry is doing us a service, by providing eggs for us at this time when we could not get them unless cold storage products were available. In other words, it is equalizing the supplies, which is, of course, the thing that we are most familiar

with to-day.

The other point that I want to make is that we have in this country enough eggs for this purpose, so that it is not necessary for us to go to China or to any other country to get our supply, and I quote further from the Department of Agriculture report, "that, at the rate of annual consumption in the United States of dried and frozen eggs, if one-half or two-thirds the shell eggs annually produced in the State of Texas were so prepared, the product would more than supply the demands of the United States."

That seems rather a big statement to make until you study the production of a big State like Texas, which is one of our heaviest producers of eggs in the spring months. The eggs produced annually in the States of Texas, Oklahoma, and Kansas would, if dried or frozen, more than supply this particular trade in the United States.

The reason I mention that is that the argument is often made that we have not in this country enough eggs to meet the situation and to supply our own needs. But if one-half to two-thirds of the Texas supply were frozen, we would have enough for our own needs, and, adding the other States, we would probably have enough of that product to supply the needs at the present time. Of course, we appreciate and anticipate that the industry of freezing and drying is going to increase and become more and more a factor in providing food for the American people as well as people in other sections of the world.

Another point which we want to consider is that the United States Department of Agriculture has made a careful study of this problem and the cost of manufacture and the methods of manufacture are in a way no secret; bulletins have been prepared and a great deal of study has been devoted to the problem. So that our capital in this country can be used for that purpose. It is not a secret, although all of these practices, of course, are improved from time to time by

secret processes.

In conclusion I want to say that it is reported that a prominent importer stated that the average duty cost under the present tariff of all of his importations of dried eggs in all forms was 5 cents per pound. It is unofficially reported that a single small egg-drying plant was operated in America during the season of 1921, it being that of Swift & Co., at Wichita, Kans., out of a large number which operated previous to that time. The importations have greatly increased during the past six years, and there is a negligible home production of dried and frozen, although there is a considerable surplus of shell eggs produced in this country. It is apparent, therefore, that only an adequate duty will enable the business of drying eggs to be reestablished in the United States and be brought back and restored to its position which it formerly held.

It seems to me, gentlemen, that one of the things we want to do in balancing our agriculture is to try and make this country self-

supporting and, so far as possible, independent of outside sources of

supply.

Senator Smoot. Do you agree with some that the drying of eggs is going to pass away and the freezing of eggs become the future method of handling them?

Mr. Lewis. No; I do not think so.

Senator Smoot. Which is the best product?

Mr. Lewis. From the standpoint of nutritive value there are extensive studies being made at the present time on the dried product to determine the effect of drying the vitamine content. So far as nutritive properties—protein, fats, etc.—are concerned, there probably is no difference. But eggs, together with milk and other products which the farmer produces, have recently been found to possess a group of properties which we call vitamine, which are very essential to growth and development of the human race. Milk, in butter fat, and no doubt the fat in the egg yolk, are very rich in these elements.

Senator Smoot. They are not destroyed by drying?

Mr. Lewis. No.

Senator Smoot. Nor by freezing?

Mr. Lewis. No.

Senator Smoot. That quality remains the same?

Mr. Lewis. Practically the same, but there is a destruction of the vitamine in one of these, which is fundamental. But scientists are

working on it.

I was at a conference the other day with a doctor from Johns Hopkins, where they have come to believe that one of the soluble vitamines in eggs was destroyed by heating, but the food value so far as nutritive content is concerned is not injured.

So much for the dried-egg situation. Now, just a few words

about the frozen eggs.

The grades of eggs principally used in drying and freezing are "cracked, dirty, and what are known as seconds." That is, an egg which, in this country, can not be sold as first class for consumption.

In the future, it may be possible——

Senator Curtis (interposing). They sell them to bakeries, do

they not?

Mr. Lewis. To some extent, but they can not all be used up in the period of production; they must be held over in some way, which is best done by freezing.

Senator LA FOLLETTE. Are those seconds selected at the time

they are fresh?

Mr. Lewis. Eggs are frozen at the time they are fresh or comparatively so. They are broken, separated into yolks and whites, and frozen.

The problem of any country that attempts to standardize eggs is the disposition of seconds. Canada is facing that at the present time. She has a very careful, complete, and well-worked-out egggrading law. Putting that into effect has enabled her to largely capture the select-egg trade of England, but she has an immense problem on her hands with those seconds, which she can not export, and these must be frozen or put into shape as best to be used by the trade.

In the future it may be possible and advisable during the spring season, when there is a large production and prices rule low, so that the eggs can not profitably be shipped to other markets, to both dry and freeze some of the better as well as the inferior grades in the West and Southwest. With high rates of transportation and labor plentiful, an economic condition is created which will have to be taken into consideration in the development of a helpful govern-In other words, we do not for a minute wish to mental policy. discourage home breaking and freezing of eggs. But in view of the fact that we have sufficient product to meet the needs it would seem as though we need not be compelled to fight against this oriental

competition which is developing very rapidly.

With the prospect ahead of securing enormous profits through Chinese frozen and dried eggs with a nominal duty of 2 cents per pound upon frozen and an average duty of 5 cents per pound upon dried. about the time of the passage of the act of October, 1913, the dominating firms preparing these commodities abandoned the American producing fields and deliberately transferred their activities to China. The industry of freezing eggs has declined here since that time. On account of the increasing production in the United States of shell eggs there are necessarily large quantities of undergrades and checks, particularly in the producing season, and the spring surplus of this commodity is always difficult to sell, because the presence of a great quantity of first-class, high-grade stock on the market is naturally more attractive to the buyer.

Just a word about the rates. A tariff of 8 cents per pound is requested by the producers upon frozen eggs of America, which is the same rate which we request on shell eggs, for the simple reason that it takes it pound for pound; in other words, they are equal in reference to bulk or volume. The same reasons and the same arguments that apply to the request for a 24-cent tariff upon dried eggs apply almost invariably to the 8-cent rate requested on frozen eggs. It is ordinarily claimed that 1 dozen shell eggs make 1 pound of

frozen eggs.

Senator Watson. What is the difference between the cost of freezing and drying?

Mr. Lewis. Freezing is a much less costly operation.

Senator Watson. I supposed so.

Mr. Lewis. It does not require the complicated machinery nor the trained labor.

Senator Watson. What is the difference?

Mr. Læwis. I can not give you the exact cost. I think that has probably been worked out and will be presented by Prof. Rice.

We feel that such a tariff law will give us back normal production and will at least approach the difference between the mere cost of living here and the cost of living in China. We certainly do not want to reduce our poultry producers and farmers to a condition of pauperism by compelling them to compete with Chinese labor. That may be exaggerating, but it certainly has a tendency in that direction.

I have just a few figures on the question of the cost of manufacture. The investment required for the profitable breaking of eggs is not large, although the Department of Agriculture will require the observance of certain sanitary regulations, all of which will result in the production of a high-grade product in this country. And there is a point I think we ought to remember, that the product which we get from this country, broken and frozen in our own breaking establishments is manufactured under governmental supervision and certain sanitary precautions required, while when that same product is manufactured in China and shipped in here in a frozen state we have not the evidence or the assurance that the product has been produced under as sanitary conditions as it should be, nor with the care that it should be.

In this matter of labor charge in the freezing of eggs, one of the large importers is reported to have stated that under favorable circumstances this had been only 1 cent a pound in their American However, this may be in establishing a new industry by business men it sets a standard of efficiency and for economy. other words, the breaking of eggs and the freezing of eggs can be done in a very economical and efficient manner at relatively low After being broken, the eggs are poured into cans holding about 50 pounds each and are then sent to the freezer. It is stated that until recently the cost of the can added 2 cents per pound to the cost of the product. Even after the customary business overhead is added to these figures, it will be seen that the cost of manufacturing is small. The eggs bought for manufacturing purposes at Shanghai at 12 cents per dozen during the war were sold on yearly contracts in the United States to the baking trade at approximately 25 cents per pound. Now that eggs are falling in price at Shanghai to 6 and 8 cents per dozen, the frozen product is being contracted to American bakers by the importers upon yearly contracts at about This certainly looks like very attractive and 30 cents per pound. very remunerative business.

Just one or two arguments now in definite support of 8-cent tariff: First, our own production has been very definitely stifled by this oriental trade. The fact that the importers have selling agencies in all of the principal cities of the United States and are prepared to extend long credit, offer yearly contracts at flat rates per pound, and maintain ample supplies of frozen canned eggs in cold-storage warehouses all over the country ready for immediate delivery, places the baking trade of the country in the position of being absolutely

dependent upon the importers for supplies.

In other words, they are assured of an immense supply through

Speaking in plain words, we might say that the importers absolutely have control of the trade through their ability to bring in this immense quantity by contract with the bakeries a year ahead.

We have evidence, which is certainly interesting, to show that there does not seem to be a demand for the product produced here, for a number of reasons: On account of the tremendous production cost of eggs in this country in the spring of 1921 there was a large supply of undergrades suitable for freezing and considerable quantities of the American product were incidentally manufactured. In consequence of this there has been a good chance for the independent firms controlling this product to deal with the entire baking trade by offering this supply to them.

It has been offered in one of the markets of this country as low as 10 cents per pound under the importer's contract price of the Chinese frozen eggs, but without buyers, as they are bound by contracts to the importers, which, of course, has to have a year to run, because made on the yearly basis. This situation operates as a great restriction to the trade of the domestic product. Apparently the importers are in full control of the American markets for all frozen and dried With the price in the spring of 1921 at Shanghai at 8 cents per dozen and the selling price in the United States of 30 cents per pound the year, it would appear to be a very profitable deal for the importers. Since the annual selling turnover in this country of dried and frozen eggs is supposed to amount to at least \$15,000,000, it looks like there was a big profit in these transactions for somebody.

The CHAIRMAN. Are most of the eggs used by these bakeries

imported Chinese eggs?

Mr. Lewis. The great majority of them; yes, sir. In other words, the amount of home-produced frozen and dried eggs is very, very small, especially of the dried product.

The CHAIRMAN. Are all these ready-made loaves of bread which

you see advertised made with Chinese eggs?

Mr. Lewis. They are practically all made with frozen and dried eggs.
The CHAIRMAN. From China?

Mr. Lewis. Yes, sir; because that is where the great bulk of our eggs come from.

The Chairman. If that were generally known, I do not think it

would promote the sale of the bread.

Mr. Lewis. Of course, I am not here to question the quality of the product which comes into this country, although I suppose we might spend quite a time discussing the question of sanitary conditions surrounding its manufacture, the sanitary condition of the goods themselves that go into the product, and the condition of this product when it reaches this country. Obviously it can not be as good as that produced in this country and is a point, of course, to be considered.

I do not know that there is any other point I especially wish to make at this time, but to bring out one important point, which I think we all ought to concede, and that is this: That for years our Federal Government has been fostering the development of our agriculture, and especially the development of poultry husbandry in this country. Hundreds of thousands of dollars have been spent by colleges and by our extension departments to build up a more efficient production, to build up a larger production, to make this country selfsustaining so far as poultry and egg supply is concerned, and I can assure you that the evidence points to the fact that the continued importation of Chinese frozen and dried eggs, whether from China or from any other foreign country, is and will continue to break down and curtail American production because they can be brought in here and sold at a point much below what we can produce at a profit, and it would seem the height of good business to create a moderate difference, which would be the difference between the cost of production there and here, and still leave to us a living wage and a satisfactory margin of profit; and I believe in that way that you will not be increasing the cost of goods in this country to the consumer, because we have, I think, submitted evidence to show that this country can and is producing enough eggs to meet its needs, and that if the industry of breaking and drying was fostered and developed in this country we would have a good substantial business here as we

formerly had.

The CHAIRMAN. The committee will now be pleased to hear Mr. George Cugley, Springfield, Ohio, representing the Buckeye Incubator Co. and the American Association of Incubator Manufacturers.

STATEMENT OF MR. GEORGE CUGLEY, REPRESENTING BUCK-EYE INCUBATOR CO. AND AMERICAN ASSOCIATION OF INCUBATOR MANUFACTURERS, SPRINGFIELD, OHIO.

The CHAIRMAN. What business are you in yourself, Mr. Cugley? Mr. Cugley. I am vice president of the Buckeye Incubator Co.: I am also associated with the Continental Sales Co., of Springfield, Ohio, which deals very largely in poultry supplies, and also with the Cugley & Mellon Co., of Philadelphia, which is a retail distributor of poultry supplies.

The CHAIRMAN. You reside in Springfield? Mr. Cugley. I reside in Springfield, Ohio.

The CHAIRMAN. Will you state your views to the committee on the

questions before us?

Mr. Cugley. Gentlemen, in presenting my argument to you, I would like to have you know that I am speaking in behalf of the American manufacturers who are intensely interested in this poultry and egg tariff, namely, the incubator manufacturers, the brooder manufacturers, poultry-feed manufacturers, poultry-remedy manufacturers, poultry supplies and equipment manufacturers, and the Poultry Journal publishers. It was deemed wise to have me present the case for all these different groups rather than to have them appear for themselves.

I might say initially that this group of manufacturers and others are very much concerned about this tariff on poultry and eggs. The tremendous increase during the last two years, particularly in the imports of eggs especially, and also of poultry has already had its effect on our home industry. One of the first places that we see this is with the producer of the baby chicks. You gentlemen may not be aware of the vast industry that has developed in the production of baby chicks. So, I will say briefly this—that we now have in the United States a large number of institutions that are devoted entirely to the hatching and distribution of baby chickens. Our largest hatchery is located at Cleveland, Ohio, with a capacity of over 1,000,000 eggs. We have hatcheries centered all over the country with capacities from 100,000 up to a half million eggs.

Senator Watson. Take an institution of that kind, with the capacity of a million eggs, how many broods do they turn out in a

year?

Mr. Cugley. On an average, about three. So that the incubator capacity of a million eggs will turn out normally 2,000,000 baby chicks in a season, counting on about one-third loss on the three hatches.

Senator Watson. Is the loss that great—is that the average?
Mr. Cugley. It will run about a third; yes, sir—that is, the infertile and the unhatchable will reduce the number of chicks produced about one-third of the total number of eggs set.

I mention the baby-chick industry because that is the place where we start in the poultry industry. There has been a great deal of interest developed in this baby-chick industry in the last few years,

and it was growing at a very rapid pace.

This year when the representatives of the incubator manufacturers went out to call on the factories to solicit their business for increased capacity, we came into frequent contact with hatchery owners who refused to consider the advisement of increasing their hatchery capacity because of this present situation. They have been watching this situation with regard to importation of eggs very closely and, as I say, the importation has been increasing at such a rapid rate during the last two years that they are very apprehensive with regard to the future, and repeatedly they have refused to increase their hatching capacity because of their fear of not having a sufficient market to take care of that increase.

I might say to you that the ramifications of the poultry industry take in a great many things besides the mere producer. When we sit down at the table to consume an egg, we simply think of it as an egg, and that is as far as we go: the same thing with the chicken. But the amount of money that is invested and the volume of business that follows the poultry industry runs into very large figures. And in considering the protection of the producer I think we should also consider the protection of the industries which are connected with the producer, taking the industry all the way through; and, with a view of bringing to your attention the volume of business that is involved and the capital that is invested, I will go through briefly the course that follows the egg to the table, and in presenting these figures to you gentlemen I want to say that most of them have been estimated because of the brief time in which I had to compile them. I think I can say to you, however, that they are reasonably accurate and I think in every case under the actual figures as they exist.

Taking the incubator industry which, of course is where the industry must start, with the hatching of the egg, there are approximately 56 incubator manufacturers in the country, and those 56 incubator manufacturers are doing an annual business of approx-

imately \$8,575,000.

Following that is the brooder industry. The brooders are necessary to raise the chickens after they are hatched. Our brooder industry in the United States is running to approximately \$5,000,000

annually.

The biggest item we have in connection with the poultry industry from a commercial standpoint is the matter of poultry feeds. The figures that we have compiled show that there is approximately \$500,000,000 worth of poultry feed consumed in the United States annually; a large part of that \$500,000,000 worth of feed is sold by commercial poultry-feed manufacturers, and the balance of it is fed on the farm. In that connection I think it might be well to call attention to the fact that on practically every farm where poultry is kept and farming included with it, there is a certain amount of grain which would be wasted if it were not for the farmers ability to feed it to the poultry. So that there is an economic condition that enters into that.

The poultry-remedy business of the United States amounts to approximately \$10,000,000 a year. That includes poultry remedies and disinfectants sold to the poultry farmers.

The value of the egg-crate industry, that is, the crates which are used to transport the eggs all over the country, amounts to approximately \$10,000,000 a year, and the chicken-crate industry amounts

to about \$6,000,000 a year.

We next come to poultry supplies, which includes the galvanized feeders and water fountains and various appliances which are used in connection with the poultry farmer. That industry amounts to approximately \$4,500,000 a year.

The fillers which are used in connection with the egg cases and the cardboard shipping boxes which are used for the transportation of

baby chicks, amounts to approximately \$5,000,000 a year.

The poultry-journal publishing industry—and I might say in that connection, to give you some idea of the importance of the poultry industry, that the poultry journals of this country have a circulation of approximately 1,000,000 a month. The poultry-journal business as a whole will amount to about \$1,000,000 annually; and in connection with the poultry journals, I might mention, in passing, that the advertising which is carried on in the farming press of the country on poultry alone, in 1920, amounted to \$321,000, and on poultry supplies in 1920, amounted to \$675,000, or approximately \$1,000,000 in advertising, covering the two phases.

Those classifications that I have mentioned to you cover the principal industries that are connected with the poultry industry,

and, as you can see, they run into very large figures.

I have not said anything about the value of the transportation which follows all of these industries, including the transportation of poultry and eggs themselves. But, taking the industry as a whole, it does represent a tremendous investment, and these various industries which I have mentioned here have been built up after very great effort on the part of those engaged in the different branches, and we are very much concerned, as I said, because of this present situation, because we are very certain that if those Chinese eggs, particularly, are allowed to come into this country, where each egg is going to displace an American-produced egg, it naturally must reduce the volume of business that is now being done by these various concerns, and I can say this to you, that these different branches of industry can not stand a material reduction in their present volume of business.

The poultry industry has not been as prosperous as it might be in its various branches, and in that one connection I might say, taking the incubator industry in itself, that out of the fifty-odd concerns that are manufacturing incubators to-day, there are approximately only five or six which are on a commercial paying basis. Some of those that have not yet reached that point have hopes of developing their business into prosperous institutions. But if the importation is allowed to go on and these various eggs allowed to displace American eggs, I very much fear that their hopes will be shattered; and that the same will follow in some of the other branches of the industry

There has been nothing said in connection with the duty on live and dressed poultry, and I just wanted to mention, in passing, that the industries which I represent are just as much interested in the duty on live and dressed poultry as they are in the tariff on eggs, because one is quite as important as the other, and I trust in giving this matter your consideration that you will see that an adequate tariff is placed on the live and dressed poultry, because we are also dependent upon the continuation of the production of American poultry for the American consumption.

Senator CALDER. What are the exports of live and dressed poultry

to-day?

Mr. Cugley. I can not give you that. Prof. Rice is prepared to

give you that information.

(Statement of Prof. James E. Rice, representing American Poultry Association, Ithaca, N. Y., will be printed hereafter.)

LIVE STOCK.

The Chairman. The committee will now hear several representatives of the live stock industry, and that will close the hearings for

the week, until Monday next.

Hearings have been held before the House Ways and Means Committee at considerable length, and perhaps it will not be necessary to go to any undue length before this committee, unless additional facts have arisen in the meanwhile. We have the printed House hearings available before us.

Judge Cowan, you live at Fort Worth and represent the American

Live Stock Association, I believe?

STATEMENT OF MR. SAMUEL H. COWAN, REPRESENTING AMERICAN LIVE STOCK ASSOCIATION, FORT WORTH, TEX.

Mr. Cowan. Yes, sir.

The CHAIRMAN. The committee will be pleased to hear any additional statement you may have to add to those you so ably set forth

before the House Ways and Means Committee.

Mr. Cowan. Mr. Chairman and Senators of the committee, I have many times appeared before committees of Congress, and several times before this committee and the Ways and Means Committee on this subject; and I therefore very fully appreciate the difficulties under which you labor and the difficulties which confront one trying to present the facts to the satisfaction of those whom you represent, and I am particularly conscious of the necessity of the conservation of time as much as the conservation of natural if not artificial resources. If I could handle the clocks as they have been handled in a few historic periods, I would make some time. But I can not do that.

At the outset of my remarks I wish to pay the highest compliment that it is possible for me to do to the gentleman who has just taken

his seat, Prof. Rice.

I am going to submit to the stenographer here some statistical data, and the brief which we filed before the Ways and Means Committee, and to make reference to the most elaborate argument and brief I have ever prepared upon the subject when the Payne-Aldrich bill was under consideration, and which was printed in a volume of the House Committee proceedings in 1909, to which I will refer, and thus point to as complete analysis as we can make of the subject with

respect particularly to the then tariff on hides. Well, I will not

take so much of your time.

Referring again to the gentleman who has just closed his argument. I think he spoke in words of very great wisdom to this committee, and I wish the whole people of the United States and every man who serves the country through the political parties could hear it; could be conscious of the things he has shown here, in order to convince the people in spite of politics, in spite of tradition, of the great necessity at this time, in particular, and it will remain so in the future, that we have our home markets preserved to our home production, where we can make a reasonable sufficiency or where we are capable

of producing a sufficiency.

We have been in the unfortunate position, politically speaking, of having always believed in what I have just said. I would love to have had the opportunity to vote for what I have just said. I did undertake to do it when I voted for President Harding in Texas, and I voted for him on that proposition. I am not tickled to death about it, and I am not bragging about it, for I wish to add my criticism, if it is worth anything, to those who profess to protect the industries of this country and lose sight of this great fundamental basic industry, agriculture, upon which alone prosperity-indeed civilization alone is based, for the human race, from Nomadic times, when learning to domesticate animals and gather their food wheresoever they could at the the very beginning of civilization. As agriculture progressed civilization progressed, and so it is and will be to the end of the human race; and it is amazing to me to know that we have among us in this country men of great wisdom in other things perhaps, who, for selfish reasons and their desire to profit from the "industry of profiteers" that have grown up in this country in recent years, will have the nerve to say to the Congress and to this committee that you must "place these agricultural products or any of them on the free list," because they, as the timeserving advocates of the consumer, say it will help the consumer. And what do they care for the consumer?

I refer particularly to the manufacturer of shoes. I say that in my opinion it is demonstrated by the facts produced before the Ways and Means Committee during consideration of the Payne-Aldrich bill that they spread a propaganda throughout this country for free hides, with the object of fooling the people and many politicians into the belief that the people would get the benefit of it in shoes that were produced for themselves and their children. And even to-day, or at least just recently, our own Congressman from Texas voted for free hides, when 90 per cent of the people of that State would tc-day vote for a tariff if they had a fair show, on every agricultural product of that State, and there is not a man from the

State who does not know that.

The documents to which I have made reference demonstrate beyond a question that the proportion of the tariff added to the labor that goes into a pair of shoes that comes from a cowhide, or a similar hide, was so small that to figure it at all in the retail price of the shoes is too silly to talk about. And yet I have understood that from one of the States in our southwestern country a new Member of Congress, under this recent régime, spoke in the House of Representatives in favor of having free hides, in order that the Member of Congress

might aid the people in getting cheap shoes for children who go to school, and that in the presence of the fact that when we have free shoes in this country and free hides in this country we have paid the most unreasonable prices for shoes and few have been imported—145,000 pairs of shoes were imported into the United States in the year 1921, when both shoes and hides were free. Why would any one benefit by keeping that up, when my wife just the other day, out of her own money—I did not have it, the Lord knows—the people who employ me, the cattlemen, are broke—paid \$13, in the City of Washington, for plain, low-quarter shoes, because we are plain people. And for these gentlemen to have the nerve to come before Congress and advocate free hides for the farmers in this country staggers the imagination. I have not the patience to argue the

question.

The time has come, I wish to say to this committee, when the people in this Nation who are engaged to-day in working with horns and corns on their hands and callouses on the bottoms of their feet, working 10 hours a day, for the mere chance to make a living; with their families wearing coarsest clothing and remaking their old clothes, with the repairing and use of all the agricultural implements and paying these enormous profits that are put upon them by some hook or crook—the people of this country are demanding, and they are going to have, the whole measure of protection against the profiteer of the farmer, and the producer and the live-stock producer, all of whom are working in the same line. Our country must go undeveloped; we can not even cultivate what we have, and it is a backward step for America to neglect the protection of these producers from the soil just as certain as we live. Unless you shall bring down the costs of what we buy from the manufacturer. have to pay \$180 for a wagon. When I went to Texas in 1878, 42 years ago, the Milburn wagon, the Studebaker wagon, the Baine wagon, and others sold and were bought for \$75 each; but I paid for an ordinary wagon for one of my farms that I own, like the railroads own their property, for what I could owe on it—\$180? The freight rate on that wagon is nearly as much from South Bend as the price of the wagon was then.

It is an amazing proposition that the concentrated wealth of the country, that which has been enabled to concentrate not only the wealth but the brains of the country, have always got the money to pay to present their specious arguments. This gentleman who spoke for the producer here was the first man I have seen who had money to get up the charts and prepare to present to you these things as they ought to be presented. But when the others come here they can fill the hotels, they can fill the offices in Washington. You can not even get into an elevator without meeting a lot of them. They are on the lob, they know how to do it, and they work three shifts of 8 hours each a day and get paid union prices, and preach poverty prices for

the farmer.

That is the reason we are here. We do not need to ask you to do your duty, because we feel that you will do it. The House committee made a grave mistake in not putting a duty on live stock and live-stock products that would protect the producer of this country in the home market. If it gives him a monopoly, it will be the first

monopoly that he ever benefited from. You can not, however, give Why? Because we have the soil; we have the him a monopoly. labor; we have the climate. We will always produce so that it is absolutely impossible to have a monopoly in farm products in the United States. We ought to to-day be producing sugar that will supply this country and make us an exporter of sugar. Any other nation in the world would have done it with our climate and our opportunities. But we have been so wedded to specious arguments which have been urged, the propaganda which has been spread amongst us, and to our politics, that we have simply played into the hands of this glut, on the theory that from him who has not shall be taken even the little he hath. I am so impatient with the whole situation that confronts our public life, with those who are controlling things in this country—and I suppose it is so all over the world that I can scarcely believe, as I heard Frank Hegenbarth out in Washington say, that the stock raiser and the farmer can find a true friend in the city of Washington. They are growing here now; they are hearing from the country, and they are seeing the necessity; and our men, one of them a man from my own town, Fort Worth, where I reside, a city where live stock is one of the greatest businesses. voted for free hides on account of the fact that he wants cheaper shoes and was afraid to put a duty on shoes. I asked him how many shoes he thought were imported into the United States. He did not know. I said, "just enough to make one pair each for the population of Dallas during one year.

I speak these things plain, because I said to the Committee on Interstate Commerce, the time has come to talk "turkey;" and that

is the way I wish to impress this committee.

I mean no harm by what I say to you. I have the greatest respect for this committee and I have the greatest respect for all of the committees here in Congress. But I have no patience with the idea of refusing to give to the farmer and stock raiser of this country enough tariff protection to insure him a fair degree of preference; that will give him the preference in the markets of this country for what he produces. What are we going to do with this great western country that lies west of the corn belt? There is the intermountain country, with enough territory and land that can be irrigated to feed the United States were it necessary. Yet to-day, by reason of the freight rates, by reason of the situation that confronts the people of this country it is going back, and it will keep going back. They need to have the benefits of the markets of this country.

This is not an ordinary case of importation, so far as meats and hides are concerned, in general commerce, because only those who bring this in are those who manufacture for exportation from the other surplus countries, just a few large packing houses can import the meat and the hides that come in in competition with the very same stuff they produce and sell for the most part in the sections of

the United States which consume the surplus.

It is a question whether you will let that come in here and take the place of what they will produce here if they buy from us when we are selling steers to-day at \$40 a head loss all over this western country.

I am glad we have got some eggs. I hope you will protect the eggs, because there are many instances—and this is verily true—where the

stockmen who have been worth considerable money, that their families to-day are paying grocery bills from the products of the hens which the housewife is producing.

Senator Curtis. Tell the committee what the steers cost which

are now selling at \$40 loss.

Mr. Cowan. Nobody will believe me, Senator.

Senator Curtis. I know they will not, but I want you to tell anyhow.

Mr. Cowan. Joe Mercer is going to follow me here, and he will tell you. They cost so much I am afraid to tell you.

Senator Curtis. That is what I want to get into the record.

Mr. Cowan. The State of Kansas has gone broke because Texas has gone broke selling them cattle to fatten; that is the size of it. Senator Curtis. That is right.

Mr. Cowan. I want to make some remarks about some data which

I want to introduce. A resolution was passed——

Senator Jones (interposing). Mr. Cowan, if you are not going to touch upon it again: You referred awhile ago to the fact that the meat packers were the ones who imported the meats into this country, and so on. Are you going into that in more detail?

Mr. Cowan. No; I just stated a fact that everybody knows.

Senator Jones. The point I would like to have you make clear, if you will, and if somebody else is not going to touch upon it—this country is a large exporter of meat?

Mr. Cowan. Only hogs, not meat.

Senator JONES. Of meat products—and it is my notion that the hog products are related to the cattle products, and we do export considerable beef products, if my information is correct.

Mr. Cowan. I will leave you the figures on that.

Senator Jones. What I wanted to get at was, if it is a fact, how they would import these beef products and mutton products so as to control the price of those products in this country. In other words, to find out how the meat industry of this country, for instance, can be benefited by a tariff.

Mr. Cowan. Answering your last question, as to how it would be

benefited by the tariff—it would be in this way:

We have apparently an overproduction compared to the consumption of meats, resulting from many causes, and perhaps the most prolific cause is the very high price of retail meats. The other is the very large amount of unemployment and the ceasing to buy. Unless we can export a surplus when we have it, we are in a very bad situation, as will readily be understood. The other countries—South America, Australia, and New Zealand—export their meat products to the same consuming countries to which we would export ours; the same packers, with the exception of one or two English concerns, manufacture the product in those countries to export to Europe, the same as they manufacture in this country and in Canada to export to Europe. If it turns out that our situation here is such that a better price is obtained, good business would seem to turn the stuff here; and we did witness the importation into this country of an enormous amount of frozen lamb, as you remember.

If we have a good stiff tariff here we will not be made the dumping ground for stuff the world will not take; it will be taken out, because these gentlemen are in business to sell their products. So that we are to be very greatly benefited, first, in the stability of the market and second, in the stability of the live stock industry. If we have a staple market our home producer will agree to give a preference in our home market.

Senator Jones. Is not the real benefit that the meat producers of this country will get from the tariff, that it will tend to stabilize prices?

Mr. Cowan. Just what I said, in my opinion, after a long study

of it.

The resolution I want to offer—and I will file it—was passed by the mid-year meeting of the American Live Stock Association held at Salt Lake City in August, asking for a duty on hides of 20 per cent, which we think should be ad valorem, because there are such a variety of hides, which may be trimmed, and a specific duty by the pound would not be desirable; and on live stock fixed on a basis of 20 per cent. One of the reasons is that it will force all of it to be weighed, and that would give a chance for inspection as it comes in. and it would show just what comes in; how it comes in, and would enable us, so far as Mexico is concerned, probably to prevent stealing such things. You would not pass a tariff for that, but it is desirable from every standpoint, particularly if you put it by the hide, the various values they put upon it will enable one to get an advantage over the other; whereas if you put on an ad valorem duty there is a market price pretty well established known at the time of importation, as to how much it brings on some of the nearby markets per pound.

The National Wool Growers' passed their own resolution with respect to wool, and it was indorsed also by joint convention; and these resolutions were fixed, those are the latest expressions on the subject, those resolutions representing the sentiment of the live

stock men.

(The resolutions referred to and submitted by Mr. Cowan are here printed in full, as follows:)

RESOLUTION NO. 9 .- TARIFF LEGISLATION.

Whereas, the American National Live Stock Association and all other live-stock organizations of the West and South are and have continuously been in favor of a reasonable tariff on importations of live stock, meats, hides, and wool, to the end that the American live-stock industry may be accorded a fair degree of preference in the home markets; and

Whereas, the House of Representatives, by passing the tariff legislation known as the Fordney bill, has placed hides on the free list, and has failed to impose a sufficient duty on live stock, meats, and wool to give to American producers such a degree

of preference; and

Whereas, it is the right of the live-stock interests that this be corrected and that a duty sufficient for the purpose be placed on such products: Now, therefore, be it Resolved, by the American National Live Stock Association, at its mid-year meeting in Salt Lake City, Utah, August 26-27, 1921, That we demand—

1. That hides be put upon the dutiable list with a 20 per cent ad valorem duty.
2. That the duty on live stock be fixed on the basis of 20 per cent ad valorem.
3. That the duty on fresh and prepared meats be placed at 20 per cent ad valorem,

subject to a minimum of 4 cents a pound.

4. That the duty on wool be placed at the amount demanded by the National Wool Growers' Association, whose position on that subject we hereby indorse; and be it

Resolved, That it is the sense of this convention that many Congressmen have been misled by specious arguments of shoe and leather concerns to the effect that free hides

mean cheaper shoes, which arguments have been abundantly refuted by our experiences under a free-hide policy, with no importations of shoes; and that we call upon stockmen generally to demand of their Congressmen active support of a reasonable duty on these commodities; and be it further

Resolved, That this association take active steps to present arguments to the congres-

sional committees in support of this resolution.

Mr. Cowan. I wish to offer in this connection certain documents. The brief which I filed before the Ways and Means Committee on December 6, 1908, is in my statement there; I wish to offer that brief My statement is available in those prints, if desired. brief covers the subject so thoroughly that I would like to have it in here, as it has never been printed by this committee.

The CHAIRMAN. Is that brief, Mr. Cowan, a voluminous document?

Mr. Cowan. It is rather voluminous.

Senator Curtis. It was printed in the House hearings?

The CHAIRMAN. Do you want it printed here?

Mr. Cowan. No; just to have it available. The CHAIRMAN. I understood you wanted it printed.

Senator LA FOLLETTE. It is difficult to get copies of those old hearings now.

The CHAIRMAN. I am entirely willing to have it printed.

Senator LA FOLLETTE. I would suggest that it be printed so that

it will be here with the rest of this new matter.

The CHAIRMAN. I will agree and Mr. Cowan will agree that we do not want to cumber up the record with material that will crowd out the really good matter. If you want it printed, we will print it. If you are satisfied with the printings in the House hearings, we will let it go at that.

Mr. Cowan. It is the old hearing—1908.

The CHAIRMAN. The document will be printed.

Mr. Cowan. The principle and the method of analyses with respect to the extent which the tariff on hides would enter into shoes is also set forth.

The CHAIRMAN. It will be printed.

(The documents submitted by Mr. Cowan are here printed in full, as follows:)

Brief Submitted by S. H. Cowan, Fort Worth, Tex., Against Putting Hides ON THE FREE LIST.

Washington, D. C., December 5, 1908.

COMMITTEE ON WAYS AND MEANS, Washington, D. C.

GENTLEMEN: The American National Live Stock Association is composed of stockmen and associations of stockmen in cattle raising and feeding business in States west of the Mississippi River.

The Cattle Raisers' Association of Texas is composed of cattle raisers throughout

the Southwest, in Texas, and the trans-Missouri States and Territories.

We oppose placing hides on the free list. We demand equality of opportunity. It is singular that so many makers and manufacturers of leather should belabor themselves to get cattle hides on the free list, and in the same breath assert that the consumer will get the benefit.

If the consumer happens to do so, it will be because these gentlemen can't help it.

Can anyone fairly doubt their intentions to pocket the 'change?''

They are equally zealous to tell you that the stock raisers and farmers who produce and sell cattle can get no benefit of the tariff on hides, because, they say, the value of the animal is not affected by the value of the hide, at the same time complaining that hides are too high by the amount of the tariff on account of the tariff.

At the outset, these live stock associations, which now appear in behalf of the cattle raisers west of the Mississippi River, against the proposal to put hides on the free list, make no objection to removing the tariff if it be true, as asserted by the tanner and the shoemaker, that the value of cattle on the market or elsewhere is not affected by the

value of the hide on that animal.

Forty-five per cent of the cattle slaughtered are sold on the markets at Chicago, St. Louis, Kansas City, St. Joseph, Sioux City, St. Paul, and Fort Worth. About 5,000,000 per annum are slaughtered by the big packers, and about 320,000 by others at those markets. Total for the past year was about 5,320,000, exclusive of calves. The total slaughter exclusive of calves in the United States is approximately 12,500,000 head. On this basis there are slaughtered elsewhere in the United States 7,180,000 cattle exclusive of calves. Those who slaughter the cattle buy them either at the same markets or at similar but smaller markets and stock yards, to which they are shipped for sale at every important city in the country, or they are bought and driven in by local butchers. Of the 71,267,000 cattle in this country, more than 2,000,000 die of disease or by accident, and from that source comes probably more than 1,000,000 fallen hides.

There are hide dealers at every town and city, being more than a thousand such concerns listed in the yearly directories and yearbooks on hides and leather, who compete in both buying and selling.

It ought to need no more than a statement of those facts to show the absurdity of

the claim that the stock raiser can get no benefit from the tariff on hides.

Fluctuations in prices of cattle and the wide range of prices of different grades of cattle are due to such a multitude of causes, more important than the 15 per cent of the hide value, that the attempt to draw the conclusion that the hide value is not even present, be it what it may, is mere sophistry. Precisely the same can be said of the fluctuations in prices of hides ranging to a much greater per cent than the amount of the duty. Such fluctuations prove nothing as to who gets the benefit of the 15 per cent duty.

Of course the consumer wouldn't get it if the packer, the tanner, and the shoemaker could get it for themselves. The situation is such that they can't do it. That is why

the tanner wants it off.

The mere amount of the tariff is not the only issue; a home market is, above all, the desirable thing. If you take the tariff off cattle hides, that means that the tanners will stock up on the lowest-priced hides obtainable in the different markets of the world, and bear the price at home accordingly. Hides produced here will have to be sold on basis of the lowest world market, and we will have to ship them to Europe for sale. Thus the taking off of the tariff means a reduction in price much greater than the tariff figures. To satisfy you that such will be, as it was, the case, look at the quotation of hides from time to time. If, in order to market, we must first negotiate a sale and ship to Europe, our own stock raisers and farmers will lose the transportation, all charges, and commissions. The importance of this feature can not be overestimated.

For example, hides consigned to New York from South American points are, as we are reliably informed, being reconsigned from New York to London, because hides are higher in London. Now, the hide dealer in this country can't buy on expectation that such higher price there will continue; hence he must in safety discount

enough to account for fluctuations.

The proposals of the tanners means upsetting a market the world over, of which he alone can take advantage.

Is that not "the milk of the cocoanut?"

We trust the committee will be cautious in its action, lest it most injure those who

most need its consideration.

I. We must assume in submitting these statements and arguments that on part of the committee there is an intention to deal fairly as between those engaged in different lines of business and as between different localities, and that the investigation is held for the purpose of the ascertainment of facts and conditions with a view of making laws for the whole country and not to subserve some special interest. If the judgment of the committee is to be based on facts, there should be no mistake in ascertaining them. The committee, we assume, is not a tribunal which merely affords an opportunity for interested parties to present their case, but owes the paramount duty to the country to itself ascertain the facts, whether those whose interest may be affected appear or not. No judgment by default, or decree pro confesso, can be had, nor should ex parte statements be taken as true merely because no, one has come forward to deny them. That stock raisers and farmers can not be expected to appear individually at Washington like the tanners and manufacturers of leather, is evident

from the fact of the comparatively small interest each farmer or stock raiser has in dollars and cents in the 15 per cent tariff on hides. The aggregate is as large to them as to the leather men, but so diffused that they must rest their case with their repre-

The associations above named, representing the cattle business, beg leave to file this written statement and argument, in answer to the claims of the tanner and leather

1. We insist that if there is to be a protective tariff the stock raisers and farmers are entitled to equality under the law, be it a good or bad law, as well as others, although it enhances the price of their products, because they are denied free access to the markets of the world for what they buy and are made to pay a higher price on account of the tariff on manufactured articles.

2. If the American stock raisers and farmers must patronize the American market

for what they buy, they demand in turn the same benefit of furnishing the home supply with what they raise to sell.

3. The American stock raiser and farmer does and will furnish enough cattle hides to supply the consumption in this country unless forced to curtail business by low prices to meet foreign competition.

4. The reduction of cattle values from outside competition by free hides or free

- cattle, or both, will demoralize the cattle-raising business, lessen our home meat supply, and in the end increase the cost of meat and meat products and hides.

 5. Fifty-five per cent of the hides of cattle produced in this country are skinned and sold by others than the big packers and are marketed everywhere. While the level of price has generally been more than in foreign countries from which we import cattle hides, it has fluctuated between extremes as much as at any of the hide markets of the world.
- 6. We dispute the claim that cattle raisers do not get any benefit of the 15 per cent

duty on hides.
7. We dispute the claim that the value of cattle on the market is not affected by the value of the hides.

8. We assert that it costs the American stock raisers and farmers materially more to

produce cattle and hides than it does in Mexico, South America, and Africa.

- 9. We dispute the claim that the public will receive the benefit of taking the duty off hides, but insist that the very motive which prompts the activity of the tanners and manufacturers for free hides is to pocket the profit themselves.
- 10. We assert that the tanners have now free access to the markets of the world for hides to make into leather for export, and that the shoe manufacturers are from year to year increasing their exports of shoes.
- 11. We submit herewith tables showing the commerce in hides, leather, and shoes, and comparative prices and values, covering imports and exports, for the years shown, as follows:

[Tables from "Commerce and Navigation," published by Department of Commerce and Labor, for 1907.]

Imports of merchandise—Years ending June 30.

HIDES AND SKINS OTHER THAN FUR SKINS.

[Goat skins, free.]

1903	1904	1905	1906	1907
85, 114, 070 \$24, 928, 729	86, 338, 547 \$23, 971, 731	97, 803, 571 \$26, 945, 721	111,079,391 \$31,773,909	101, 201, 596 \$31, 375, 298
28, 284, 362	23,610,003	25, 719, 106	27, 943, 788	24, 984, 277
			\$7, 354, 564 7, 583, 198	\$7, 230, 054 8, 552, 898
\$2,576,738 8,505,367	\$2,457,220	\$2,536,391	\$2,968,560	\$3, 272, 323 9, 783, 131
\$3, 423, 705	\$3, 833, 199	\$4,086,004	\$3,748,422	\$4, 110, 449 52, 121, 470
\$10,676,005	\$10, 952, 013	\$12, 169, 113	\$16, 267, 308	\$15, 548, 087 15, 759
\$58 2,722,947 \$601,264	\$3, 154 3, 194, 187 \$630, 265	\$13 4,757,529 \$1,083,353	\$3,047 6,018,481 \$1,432,008	\$2,878 5,789,061 \$1,551,507
	85, 114, 070 \$24, 928, 729 28, 284, 362 \$7, 650, 659 7, 504, 785 \$2, 576, 738 8, 505, 567 \$3, 423, 705 38, 094, 809 \$10, 670, 05 \$2, 722, 947	85, 114, 070 86, 338, 547 \$24, 928, 729 \$23, 971, 731 \$28, 284, 382 22, 610, 003 \$7, 650, 659 \$6, 045, 880 7, 504, 785 6, 982, 400 \$2, 576, 738 \$2, 577, 208, 505, 367 9, 334, 242 \$3, 423, 705 \$3, 833, 199 \$38, 094, 809 \$43, 203, 905 \$10, 676, 005 \$10, 952, 013 \$10, 952, 013 \$10, 952, 013 \$13, 810 \$2, 722, 947 \$2, 194, 187 \$194, 187	85, 114, 070 86, 338, 547 97, 803, 571 \$24, 928, 729 \$23, 971, 731 \$26, 945, 721 \$25, 284, 862 23, 610, 003 25, 719, 106 \$7, 650, 659 60, 645, 880 \$7, 070, 847 7, 504, 785 6, 982, 400 \$2, 576, 738 \$2, 457, 220 \$22, 536, 391 8, 505, 367 9, 334, 242 10, 155, 540 \$34, 223, 705 \$33, 321, 94, 986, 905 \$34, 223, 705 \$33, 321, 905 \$34, 226, 105, 105, 105, 105, 105, 105, 105, 105	85, 114, 070 86, 338, 547 97, 803, 571 111, 079, 391 \$24, 928, 729 \$23, 971, 731 \$26, 945, 721 \$31, 773, 909 \$25, 284, 862 23, 610, 003 25, 719, 106 27, 943, 788 \$7, 650, 659 \$6, 945, 880 \$7, 070, 847 \$7, 354, 564 7, 504, 785 6, 982, 400 7, 041, 282 7, 833, 198 \$2, 576, 738 \$2, 457, 220 \$25, 536, 391 \$2, 968, 560 8, 505, 367 9, 334, 242 10, 155, 540 9, 168, 486 \$60 \$34, 423, 705 \$38, 331, 199 \$44, 086, 004 \$3, 748, 422 \$38, 094, 809 43, 238, 094, 809 43, 238, 199 \$40, 080, 004 \$3, 748, 422 \$38, 094, 809 43, 238, 199 \$40, 080, 004 \$3, 748, 422 \$38, 094, 809 43, 238, 199 \$40, 080, 004 \$3, 748, 422 \$38, 094, 809 43, 238, 199 \$40, 080, 004 \$3, 748, 422 \$38, 094, 809 43, 238, 199 \$40, 080, 004 \$3, 748, 422 \$38, 094, 809 43, 248, 199 \$40

2694 TARIFF—AGRICULTURAL PRODUCTS AND PROVISIONS.

Imports of merchandise-Years ending June 30-Continued.

HIDES AND SKINS OTHER THAN FUR SKINS-Continued.

• [Hides of cattle, dutiable.]

	· 1903	1904	1905	1906	1907
Total	131,644,325	85, 370, 168	113, 177, 357	156, 155, 300	134, 671, 020 \$20, 649, 258
RECAPITULATION.	\$16, 159, 902	\$10, 989, 035	\$14,949,628	\$21,862,060	\$20,049,2 00
Europe	21, 556, 676	6,013,280	17, 644, 644	44, 182, 223	25, 366, 48
•	\$2, 284, 199	\$645,572	\$2,078,274	\$5, 419, 487	\$ 3, 519, 38
North America		24, 189, 244	33, 206, 896	39, 971, 082	41,796,00
	\$3, 103, 633	\$2, 283, 23 3	\$3, 281, 566	\$4,353,672	\$4,741,51
South America	61, 670, 923	43, 298, 485	47, 057, 860	52, 225, 524	49, 697, 26
	\$8,855,984	\$ 6, 489, 459	\$7, 444, 873	\$9, 143, 116	\$9, 574, 59
Asia	14, 076, 278	11,652,428	14, 326, 162	18, 001, 733	16, 409, 28
	3 1,841,339	\$1,539,076	\$2,021,268	\$2,733,288	\$2 , 582, 13
Oceania			343, 899	910, 393	418, 23
A 6-1	\$10,971	010 701	\$31,503	\$98, 292	\$53,39
Africa	431,060 \$63,776	216, 731 \$31, 695	597, 896 \$92, 044	964, 345 \$114, 205	983, 74 \$178, 23
	[All	other free.]			
Total	102, 340, 300	103, 024, 752	126, 893, 934	158, 045, 419	135, 111, 19
10.01	\$16, 942, 982	\$17, 045, 304	\$22, 868, 797	\$30, 246, 198	\$30, 841, 98
RECAPITULATION.	0.0,012,002	411,010,001	4.1. , 600, 701	000, 210, 100	400,022,00
Europe	76, 289, 334	77, 166, 396	97, 776, 851	122, 746, 218	98, 640, 44
•	\$12, 515, 444	\$13, 156, 584	\$18, 296, 796	\$23, 707, 984	\$23, 549, 03
North America	9, 779, 840	10, 650, 516	12, 121, 683	10, 617, 378	14, 566, 20
	\$1, 274, 510	\$1, 316, 780	\$1, 623, 856	\$1, 568, 104	\$2, 286, 24
South America	5, 929, 803	6, 093, 864	6, 586, 443	8, 003, 137	4, 928, 33
	\$1,041,085	\$1,051,404	\$1,070,696	\$1, 488, 184	\$1, 131, 15
Asia	4, 766, 431	3, 986, 399	4, 348, 318	9, 433, 874	9, 958, 61
	\$945,245	\$659,621	\$750,682	\$1,843,654	\$2,073,15
Oceania	5 528 529	5 099 451	5 755 445	6, 950, 563	6 535 89

Exports of domestic merchandise—Years ending June 30.

HIDES AND SKINS, OTHER THAN FUR SKINS.

	1903	1904	1905	1906	1907
Total	12, 859, 549 \$1, 224, 409	32, 727, 643 \$3, 246, 887	10, 268, 722 \$1, 051, 641	10, 752, 827 \$1, 223, 255	15, 396, 806 \$1, 760, 032
RECAPITULATION.	41 , 222, 2 00	4 0, 2±0, 001	4 1, 001, 0 1 1	41, 220, 200	41, 100,002
Europe	7, 327, 083	23, 174, 272	7, 198, 609	9, 922, 344	14, 097, 331
North America	\$688, 551 5, 511, 559	\$2, 251, 697 9, 508, 058	\$704, 850 3, 143, 047	\$1, 114, 742 826, 423	\$1, 569, 422 1, 133, 841
South America	\$533, 259 4, 300	\$990, 030 8, 770	\$343, 816 865	\$107, 501	\$162, 727 285
Asia.	\$423 756	\$979 3, 451	\$91 19, 611	4,060	\$28 165, 349
Oceania	\$122 15, 896	\$389	\$2, 225 6, 590	\$1,012	\$27,855
Africa		32, 092 \$3, 792			• • • • • • • • • • • • • • • • • • • •

Leather, and manufactures of—Sole leather.

SOLE LEATHER.

	8017	E LEATHER	•		
	1903	1904	1905	1906	1907
Total	37, 428, 437	36, 830, 717	44, 107, 054	40, 548, 767	31, 900, 86
RECAPITULATION.	\$6, 920, 467	\$6, 978, 497	\$9 , 444, 873	\$8, 186, 279	\$7, 024, 31
Europe	35, 439, 006	33, 507, 547	26, 618, 897 \$4, 970, 789	34, 826, 486	28, 004, 052
North America	\$6, 444, 209 614, 425 \$125, 384	\$6, 186, 625 666, 043	694, 139	\$6, 605, 888 751, 255	\$5, 904, 51 838, 31
South America	23, 681	\$133,877 16,672	\$138, 421 3, 829 \$891	\$100, 851 1, 215 \$270	\$185, 99 2, 55 \$62
Asia	23, 681 \$6, 989 951, 813 \$249, 304	\$3, 513 2, 312, 508 \$571, 995 134, 055 \$38, 542	16, 290, 457 \$4, 227, 307	4, 703, 053 \$1, 353, 096	2, 768, 24
Oceania	\$43, 472	134, 055 \$38, 542	139, 717 \$41, 445	\$23, 161	\$862, 83 102, 95 \$29, 73
Africa	235, 884 \$51, 109	193, 892 \$43, 945	297, 015 \$66, 020•	194, 403 \$43, 013	187, 75 \$ 40, 60
NOTE.—Average value sole leath 903		•••••	•••••		18.9
1905. 1906. 1907.	••••••	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •		20. 2 22. 0
UPPB	R LEATHEI	R-PATENT	OR ENAME	L.	
	1903	1904	1905	1906	1907
Total	\$122, 782	\$170, 940	\$166, 320	\$143,590	\$157, 08
RECAPITULATION.					
Europe North America	94, 267 6, 086	133, 830 17, 201	98, 803 39, 048	41, 154 56, 442	40, 910 69, 24
South America	2, 827 3, 994	3, 567 4, 036	3, 868 3, 110	17, 204 2, 836	5, 839 904
Oceania Africa	14,061 1,547	9, 402 2, 904	18, 686 7, 805	56, 442 17, 204 2, 836 19, 418 6, 536	23, 500 16, 679
UPPER LEATHI	er—splits,	BUFF, GRA	IN, AND AL	L OTHER.	·
Total	\$13, 493, 499	\$15, 049, 602	\$ 15, 057, 791	\$17, 242, 011	\$17,779,716
RECAPITULATION.					
Europe North America South America	12, 336, 443 389, 079	13, 270, 142 493, 306	13, 144, 145	14,509,518 832,117	15, 509, 144 723, 707
South America	218, 914 48, 929	392, 395	493, 288	719,067	000,000
Asia Oceania. Africa	48, 929 450, 340 49, 794	392, 395 95, 001 764, 697 34, 061	682, 918 493, 288 248, 047 467, 443 21, 950	719, 067 548, 218 613, 064 20, 027	380, 288 546, 326 16, 563
		ER LEATH		20,024	10, 00.
Total	\$982, 251	\$1, 140, 364	\$1, 813, 154	\$1,822,337	89 707 519
RECAPITULATION.	ф00m, 201	41, 120, 002	41, 010, 104	41,000,004	\$ 2, 727, 513
	5 76 , 103	667, 228	597, 399	788 212	1, 243, 451
Europe North America	315, 620	328, 464	412, 913 23, 038	560, 780	954, 885 120, 338
South America	15, 912	328, 464 29, 411 13, 510	23, 038 702, 356	31,971	120, 338 184, 638
Oceania	315, 620 15, 912 8, 589 46, 027	65,082	50,686	788, 218 560, 780 31, 971 310, 612 108, 262	182, 860
Africa	20,000	36, 669	26, 762	22, 962	41, 341

Leather, and manufactures of—Sole leather—Continued.

BOOTS AND SHOES.

	1903	1904	1905	1906	1907
Totalpounds	4, 197, 566	4, 642, 531 \$7, 238, 940	5, 315, 699	5, 672, 249 \$9, 142, 748	5, 833, 914 \$10, 666, 949
RECAPITULATION.	\$6,665,017	9 7, 230, 990	\$8,057,697	49, 192, 190	#10, 000, 229
Europepounds	1, 273, 485	1, 114, 439	1, 149, 899	1, 257, 004	1, 215, 428
North America	\$2,672,629 1,985,768	\$2, 447, 368 2, 673, 082	\$2, 472, 608 3, 425, 111	\$2, 591, 144 3, 774, 655	\$3, 062, 988 3, 883, 856
	\$2,502,465	\$3 , 300, 200	84, 238, 642	8 5, 637, 349	26 , 167, 179
South America	175, 122	207, 240	206, 117 \$325, 467	197, 549 \$363, 310	229, 478 \$458, 613
Asia.	\$210, 204 23, 151	\$282, 903 22, 178	42, 332	47, 074	35, 766
	\$4 3, 57 0	\$40,672	\$77, 277	\$80,868	\$54 , 782
Oceania	537, 949 \$942, 150	503, 809 \$936, 321	382, 646 \$673, 056	312, 869 \$552, 104	460, 469 \$792, 464
A frica	202, 091	121, 783	129, 594	83, 098	58, 917
	\$293, 999	\$231, 476	\$270, 647	\$187,973	\$130,923
	HARNESS	AND SADDL	<u> </u>	1	
Total	\$373,677	\$560, 346	\$502,660	\$ 691, 575	\$767, 4 18
RECAPITULATION.	İ				
Europe	30, 887	35, 274	32, 842	47, 540	38,002
North America	203, 956	261, 835	291, 614	371, 595	512, 505
South America	56, 099 14, 208	95, 898 19, 136	86, 885 40, 611	121, 749 16, 597	123,630 31,158
Oceania.	33, 917	131, 064	40, 269	125, 505	56, 348
Africa	34, 610	17, 139	10, 439	8, 599	3,775
	AL	L OTHER.			
Total	\$1,064,496	\$1,329,747	\$1,318,046	\$1,491,688	\$1,984,385
RECAPITULATION.				İ	
Europe.	257, 831	340, 218	394, 206	387, 146	757,052
North America	608, 050	751, 461	731, 036	883, 073	988, 555
South America	49, 060	56, 635	45, 328	48, 252	63, 311
Acio	42, 158	52, 925	54, 552	43, 350	62 , 592
AsiaOceania	79, 671	113, 052	69, 098	115, 691	94, 232

Table showing imports of hides of cattle—dutiable—for ten years, their value and amount per pound.

[From Statistical Abstract, Commerce and Labor for 1907, p. 434.]

	Pounds.	Value.	Per pound.
			Cents.
1898	126, 243, 595	\$13,624,989	10.8
1899	130, 396, 020	13,621,946	10.4
1900	163, 865, 165	19, 408, 217	11.8
1901	129, 174, 624	14, 647, 413	11.3
1902		17, 474, 039	11.8
1903		16, 159, 902	12, 2
1904	95, 370, 168	10, 989, 035	12.8
1905	113, 177, 357	14, 949, 628	13, 2
1906	156, 155, 300	21, 862, 360	13. 9
1907		20, 649, 258	15.3

a Estimate ours (only approximate).

Table showing imports of hides, other than goats and cattle, not dutiable, for ten years, and their average value.

[Taken from Table 161, Statistical Abstract, Commerce and Labor.]

	Pounds.	Value.	Per pound.
888	54, 607, 534 66, 965, 785 100, 070, 795 77, 989, 617 89, 457, 680 102, 340, 303 103, 024, 752 126, 893, 934	\$7, 667, 342 9, 877, 771 16, 539, 807 12, 995, 567 15, 064, 400 16, 942, 982 17, 045, 304 22, 888, 797	Cents. 14 14.7 16.5 16.6 16.8 16.5 16.5
906	158, 045, 419 135, 111, 199	30, 246, 198 30, 841, 989	19 22, 8

Table showing for ten years exports of boots and shoes.

[From Statistical Abstract, Commerce and Labor, 1907.]

	Pairs.	Value.	Per pair.
1898 1899 1900 1901 1902 1903 1904 1905 1906	1, 934, 277 3, 016, 720 3, 492, 041 3, 966, 766 4, 197, 566 4, 642, 531 5, 315, 699	\$1, 816, 538 2, 711, 385 4, 276, 656 5, 526, 190 6, 182, 098 6, 665, 017 7, 238, 940 8, 057, 697 9, 142, 748 10, 667, 949	\$1, 39 1, 40 1, 41 1, 58 1, 56 1, 59 1, 56 1, 51 1, 61

a Estimates ours (only approximate).

Comparative prices of leather and hides for ten years.

	Buenos Ayres	and costs paid).	28888888888888888888888888888888888888
	Hides per pound.	Calfskins, Chicago and country.	
	Hides p	No. 1 buffs (Chicago).	8990 252 9955 0 899 899 899 899 855 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
		Heavy native steers.	
	Calfskins.	Wax, 30 to 35 lbs. av.	\$12222255555555555555555555555555555555
er foot.		Boarded chrome fin.	
Upper leather, per	aroo.	Western M.	\$2
Upper	Kangaroo.	Eastern M.	1184858411111144458888 2268688888888888888888888888888888
	ij	Western M.	118828888888844488888888888888888888888
	Satin	Eastern M.	22122222222222222222222222222222222222
ندا	ı.	Texas sides.	**************************************
per pound	18O	Scoured backs Mid.	**************************************
Sole leather,		Union No. 1 Mid.	**************************************
So	Hombook	Hemlock B. A. & Mont. Mid.	######################################
	<u> </u>		1897 – July October 1898 – January April 1900 – January April 1900 – January April 101y 101y 101y 101y 101y 101y 101y 101

1907 1908	
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Annual	######################################
April 19 622 28 624 28	
January January <t< td=""><td></td></t<>	
January January <t< td=""><td>73 </td></t<>	73
January January <t< td=""><td>2</td></t<>	2
January 19 622 2862 30631 25 627 12 621 July July 2862 2862 3653 28 628 11 661 July July 2862 3663 28 628 11 661 July 21 60 2863 31632 28 628 11 661 July 21 60 2863 31632 28 628 12 601 July 21 60 2863 31632 28 628 12 601 April 22 60 31632 38 628 38 601 38 601 July 22 60 31632 38 602 38 601 38 601 July 22 60 31632 38 602 38 602 38 601 July 22 60 31632 38 602 38 602 38 603 38 601 July 22 60 32 60 38 603 38 603 38 603 38 603 38 603 38 603 38 603 38 603 38 603 38 603 38 603 38 603 38 603 38 603	888884-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1
January 19 6620 28620 38631 28 627 11 Aprill 19 6622 28620 38631 28 627 11 July 20 66 28630 31632 28 627 11 Aprill 21 66 28630 31632 28 627 11 Aprill 21 66 28630 31632 28 627 12 Aprill 21 66 28630 31632 28 627 12 July 22 66 27 6620 31632 28 627 12 July 22 66 37 6620 36 627 12	22122222222222222222222222222222222222
January 19 620 28620 30631 25 Aprill 19 620 28620 30631 25 Aprill 19 620 28620 31632 25 Aprill 21 60 28620 31632 25 July 22 60 31632 36 36 July 22 60 31632 36 36 July 22 60 31633 38 36 July 22 60 32633 386 39 July 22 60 38634 36 30 July 22 60 38634 36 30 July 22 60 38634 36 36 July 22 60 38634 36 36 Aprill 22 60 38634 36	21231232323232322222222222222222222222
January 19 620 29630 July 10 622 28630 July 10 6- 28630 January 11 6- 28630 July 12 6- 28630 October 11 6- 28630 July 11 6- 28633 July 11 6- 28633 July 11 6- 28633 July 2 6- 31632 July 2 6- 34633 July 2 6- 34633 July 2 6- 34635 July 2 6	
January April. July J	844888 84 84 94 84 84 84 8
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	January Aprill Aprill Aprill Aprill Aprill July July October January Aprill July July July July Aprill July Aprill July Jotober January Aprill July July Jotober January Aprill July Jotober January Aprill July Jotober January Aprill July Jotober January Aprill July Jotober January Aprill July Jotober January Aprill July Jotober January Aprill July Jotober January January Aprill July Jotober January July July July July July July July Jul

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of the same to note of same temperation (40) compared with 1400, and for the same and green property (40) and (

as in one of the moder that of a per cent, and inder 1900, 15.1 per cent.
If how is a per cent of a monotone comparison, there was an increase in exports
to how is a per cent of a difficult lamber as mean expert as it same period. 1907.
To concern the note that of the and lamber as means after the liver 1907 if approximately to the of the comparison of a dear which no foliot, were made into leather and exported.

"No learner is chiefly experted from imported histes, with a drawback equal to the

is any so fairly milhered from the total castle slaughter of around 12,500,000 to 1999 990 head and proparty 1,000,000 fallen hides, that we produce cattle hides

near 14,000,000, and at 60 pounds average, which is under the average green, and 15 per cent shrinkage in curing leaves 51 pounds per head, total weight cured hides,

714,000,000 pounds, as compared to about 134,000,000 pounds of cattle hides imported. If we deduct the 31,000,000 pounds of sole leather exported, and the leather manufactured articles shown in the foregoing tables, it seems certain that so far as cattle hides are used for articles consumed in this country, our production is sufficient for our home consumption. Furthermore, that there is an open market for 55 per cent of butcher hides and all fallen hides, making in all about 40 per cent in hands of the big

packers at time skinned, and 60 per cent widely distributed.

IV. The Union Stock Yards, Chicago, have just issued for distribution among the stockmen attending the International Live Stock Exposition, now holding its annual

meeting at Chicago, the following statement:

" To stockmen and farmers:

"Do you know that 44.7 per cent of the 2,154,690 cattle received at Chicago so far this year have been sold and shipped alive, mainly for eastern slaughter and export? Also, that last year the number was 43.9 per cent and the year before 40.6 per cent, while during several months this year over 50 per cent were sold and shipped alive?

"The significance of this increasing percentage of live shipments lies in the fact

of growing competition among buyers on the Chicago market.

"Eastern buyers and exporters are constantly on the market, and they look to Chicago as headquarters for supplies, thus furnishing at all times full competition. From 40 to 50 per cent of the total cattle receipts at Chicago are sold on the market for shipment alive, mainly to eastern slaughtering points and to the seaboard for export.

On January 15, 1908, the same company issued and distributed the following card,

showing the sale and disposition for a week and the wide range of slaughter:

"Just think of it! Outside buyers in a single day buy on the Chicago market and ship out 681 carloads of live stock to 195 different consignees at 150 different points in 9 different States.

"As showing the increasing outside competition in buying and wide range of distribution of live stock sold on the Chicago market, the following reports of the past

week's shipments are quoted:

"Monday, out of 2,515 carloads received, outside buyers bought and shipped out 681 carloads of live stock to 195 different consignees at 150 different points in 9 different States. Fourteen consignees shipped 322 cars, while 181 consignees shipped 359 cars, and there were more than 100 different shipments of 1 carload each. Monday's cattle shipments totaled 10,475 head, breaking the record for one day. Of these, only 383 head were stockers and feeders.

"Wednesday, out of 1,744 cars received, 499 cars were sold and shipped alive to

198 different consignees at 167 different points in 10 different States.

"Thursday. 1,100 cars were received, while 420 cars were shipped to 132 different consignees at 78 different points in 16 different States.

"During the week there were shipped out 2,306 carloads, or 113,910 head of live stock, of which 1,655 carloads, or 34,839 head (averaging 21 head per car) were cattle, constituting 48.6 per cent of the receipts.

"This week, starting out with active markets, a strong demand from every source, and prospects for good prices, notwithstanding Monday's run of 3,050 cars, or about 136,000 animals, bids fair to exceed the above records.

"These figures prove that the outside demand and competition for beef cattle and all other live stock at Chicago is greater than ever."

Later and in February the same company issued a card containing similar information for one day's business, Monday, February 10, 1908, as follows:

"Chicago's enormous live-stock receipts and shipments create new records. Run

promptly absorbed.
"Monday, February 10, 1908, the Chicago Union Stock Yards received 33,501 cattle, 1,303 calves, 87,716 hogs, 26,999 sheep, and 838 horses, or a total of 150,357 animals, in 2,933 cars, breaking the previous record of hog receipts and total number of animals received.

"Of the receipts, there were sold and shipped alive mainly to eastern slaughtering points and for export, 10,063 cattle, 28 calves, 21,138 hogs, 6,469 sheep, and 109 horses, or a total of 37,807 animals in 787 cars, breaking all previous records of hog shipments,

total number of carloads shipped, and total number of animals shipped.

"The grand total handled by the railroads and the Union Stock Yards and Transit Company on that day was 188,164 animals and 3,720 cars, which is equal to a solid train over 28 miles long, or if ranged in single file would make a solid procession of animals over 200 miles long and require ten days to pass a given point marching constantly at the rate of 20 miles per day. This is something never before equaled.

Moreover, all were quickly and easily handled.

"Monday's enormous receipts were promptly absorbed at only a slight reduction from the prices of the previous week, practically all being sold on day of arrival. Packers got upward of 51,000 hogs, shippers bought close to 25,000, and the remainder were mixed hogs, mostly sold to speculators. Of the 11,000 left over 4,000 were carried over by shippers and 7,000 by speculators, almost everything being sold.

"No other live-stock market in the world could have withstood such an enormous votage of the stock market in the demand."

run in proportion without a disastrous break in prices. Yet so great is the demand for meats and live stock of all kinds at Chicago that Tuesday, with full ordinary receipts, hogs sold 5 to 10 cents higher and cattle and sheep about steady, while Wednesday's markets show further advances of 5 to 10 cents in every department.

"The above facts demonstrate the value to shippers of Chicago's splendid market facilities, her practically unlimited capacity for handling live stock, and the constant tremendous demand at Chicago for live stock of all kinds at the highest average

prices.

"These statements of figures we have no reason to doubt, and they point to the fact that the stock raiser and farmer get the benefit of whatever competition there is for the entire animal and all parts going to make up its value. The eastern buyer gets the hide as well as the animal, and undoubtedly for both when he buys the one, relying upon his expectations to sell the hide as well as the meat in proportion to its value.

"The total cattle marketed at Chicago for 1907 was 3,305,314 head; calves, 421,934 head. Of the cattle thus marketed, there were 377,000 of western range cattle, or 11.4 per cent; the balance came mainly from corn-belt States. The committee will find, if it cares to investigate it, that Iowa leads in the total, and that the best cattle are marketed in one, two, and three carload shipments by the farmers from all the combelt States, and these furnish a large part of the shipments to eastern slaughtering

The contention that the farmer gets no advantage from higher priced hides is absurd in view of these facts, and that the hides are bought by the tanners from the local That the price of the hide is an important factor is so well stated in an article written by J. A. Spoor, president of the Union Stock Yards, of Chicago, appearing in the Live Stock World of January 1, headed "Live Stock Trade of 1907,

we copy as follows:
"No. 1 packer's heavy native steer hides made a decline from 161 to 161 cents in January, to 111 to 111 cents in December, or more than 28 per cent, making a difference in this item alone of nearly \$4 per head in the returns from medium to prime native steers, while packer's prime tallow declined from 63 to 7 cents in January to 5½ to 5½ cents in December, or over 18 per cent, making a further difference in returns of about \$1 per head, with the decline still greater on the poorer classes of hides and cheaper grades of tallow, and there was a similar decrease of values for all other by-

products. It is a matter of common knowledge among stockmen that there was a serious decline in prices of cattle during 1907, concurrent with the decline in hides. This decline was substantially similar at all markets. Of course there are a multitude of conditions which affect the price, and always present the effort of buyers to purchase at as low a figure as they can secure. When the supply is great the buyer dominates the market, and when the supply is less that power is less. That applies to the animal as whole, and necessarily to every part of it which competitive buyers can use; certainly to the hide, because there is no special expensive equipment essential to taking care of the hide and a ready market for them to the tanners. Aside from calves, the claim that the packers handle, on the average, the heavy hides and other slaughterers the lighter hides has little, if any, foundation, when it is remembered that they furnish the only market for canners on which the hide weight is much below the average.

V. The controversy mainly arises on the demand of manufacturers of shoes, and tanners, that hides be placed on the free list, which is one of the plans advocated looking to a reduction in cost of leather. If the stock raiser and farmer must suffer for this reason, just let it go round, then the protective system will go down altogether.

Under the present law the tariff on cattle, hides (dry, salted, or pickled). is 15 per cent ad valorem, provided that upon all leather exported made from imported hides there should be allowed a drawback equal to the amount of the duty paid on said hides, etc. (See item 437, effective July 24, 1897.) On leather there is an ad valorem duty of 20 per cent, with the exception of certain sorts of leather not necessary to specify. On shoes and boots there is an ad valorem duty of 25 per cent. (See item 438.)

The proposition which is made by the above-named associations is that the duty on hides be not reduced, because the duty is very small, and they are as much entitled

to it as anybody else.

The contention on the part of the manufacturers is that the tariff should be taken off hides on the theory that they want "free raw material." Hides are as much the product of labor and skill as anything else, hence can not be called raw material. The "free raw material" argument has for its major premise the denial of the right of protection to the producer of such articles as some one else wishes to prepare for market or manufacture in some other form, and to have and demand a protective tariff on what in turn he produces for sale sufficient to put the outside competitors practically out of business. The manufacturer in such a case asserts with great vehemence the correctness of the principles of protection that he desires to apply in such matters as to best subserve his own purpose, regardless of the effect it may have on others, indeed denying the same sort of rights to the farmer and stock raiser. As part of the plan he insists not only for the protective tariff on what he produces, but for the articles which he wishes to use in his business; he wants to buy in the markets of the world without having to pay any import duty, and to force the farmer and stock raiser to meet that competition. That is, that he be accorded the protection in order that he may increase his business, or the price, and that others equally meritorious as citizens of the country shall be denied the same privilege in order that he may profit.

He says it costs him more for labor and materials than his foreign competitor, over-

looking the fact that the farmer and stock raiser is in the same boat.

The claim that no labor or investment is required to produce a hide is quite as applicable to tallow and meat. It takes three years to mature a 3-year-old steer, and where land is exclusively devoted to grazing an investment of an average of \$50 in land, and constant care and attention. The investment in the property on which to raise cattle and feed them is enormous, and the investment in farm value of cattle alone is many times greater than all the leather and shoe business of the country.

As applied to commodities of prime necessity which are not produced in this country, and as to which the stimulation of reasonable protection will not induce any considerable production, it may be, and as a rule probably is, best where the protective system is adopted as a policy of government to admit such articles free of duty in order that they may be manufactured and the finished product supplied to the trade without being burdened with the import duty. In such an instance we are concerned only in the use, manufacture, or trade of the article so imported free of duty, and we are not concerned in the producers of the article, and hence under no obligation to protect his interest as a producer. The case is entirley different when an article of commerce is a matter of extensive and general production in this country, where great numbers of people must suffer loss by being compelled to meet the price at which it might be imported free, when the cost of production in this country is greater than it is in countries from which such products would be drawn if imported free of duty.

In the case of hides, it is perfectly plain that if they are to be put upon the free list, then we must undertake to sell hides in all of the markets of the world in competition with those produced everywhere else, and that regardless of the circumstances of the cost of production. We must be robbed of our home market to seek one elsewhere so long, at least, as the markets in other portions of the country are better. The absurdity of the proposition as applied to hides of cattle so extensively produced in every State in the Union needs no argument to support it if the principle of protection is to be applied at all, and if when applied it is to be done fairly to all interests and not as mere favoritism, and by protective system we do not mean merely on leather products.

but on all the farmer buys.

Perhaps the stongest objection to the protective system is that in its practical application it builds up an individual or a business or a class of individuals and their business by giving them an advantage over producers in foreign countries or the importers from foreign countries, which advantage must be paid for to the extent to which it may exist by the public of this country as consumers of the articles thus protected, and in this way the localities where the business which is protected exists is favored to that extent as may be business incidentally or directly connected with such protected industries, to the detriment of the other part of the country. The principles of government recognized in this country are that no special interests shall be subserved by law, and it ought not to be the intention, therefore, of the protective tariff to subserve a special interest. The object is to subserve the best interest of the entire country, and we may assume that the people of this country have decided correctly that that can be best done by a protective tariff, but at the same time they have not meant to decide that a protective tariff shall be applied with partiality and one large and meritorious class of people be deprived of it in order that some others may reap a

greater profit in their business; and this is the very use to which the manufacturer here seeks to make by his demand for free hides and free wool.

The point at which the people suffer in such a case is that they pay a higher price for the protected article because there is a duty upon it. This may not be the case in all instances, but as a general proposition it can scarcely be denied. We may assume that the public has decided that it is best for the people as a whole that they should pay a higher price, if by doing so great industries are built up in this country, by protection from outside competition, laborers employed, and the manufacturer and laborer in turn becoming the customer for that which is produced in other spheres of industry. The theory is that if a factory can run, pay good wages, and supply the trade by furnishing a market for the farmer, and that although the farmer may have to pay a higher price for the manufactured article, he is thereby furnished a market for what he grows and gets a better market for it, and in the end is more benefited than damaged. That is to say, the great home market is built up. The ability of the people in this country as consumers to afford a market for the production of this country is wonderfully enhanced by the fact that we manufacture at home what we need and that we can better afford to pay more for it.

This is the backbone of the argument in support of the protective system, which means higher price on manufactured articles than would exist could we go into the

markets of the world and import them free of duty.

Now, let us apply this argument to the cost of the production of hides. If the principle is good in the one case, it is good in the other, and it is plain to be seen that the producer of hides is as much entitled to a protective tariff on hides in order to enable him to get a higher price for the hides than otherwise he would get, and thus stimulate the production and make him better able to buy manufactured articles, as is the manufacturer. The right to equal protection of the law entitles the stock raiser and farmer to the benefit of a protective tariff on hides or wool, so long as it exists on the things which he buys, and the opportunity at least to benefit by it, precisely in the same manner and for the same purpose that the manufacturer is entitled to it can not be fairly denied.

Much has been said about benefit that the farmer derives from protection, but the instances are very rare where he derives a direct benefit from the duty on the articles which he produces. The benefit is said to arise from the general application of the protective tariff in that it affords him a better market wherever he can be protected, in order to enable him to get a better market and a better price. But on what principle can he be denied the same protection on his products, so that he in turn may become a better customer of the producer or manufacturer, and thus make a better

market for the latter?

On what principle can it be asserted that the producer of sugar is entitled to a protective tariff which will not equally apply to the production of hides or the manufacture of leather? The tanner wants free hides; the shoe manufacturer free leather and free hides; both from selfishness.

The contention that some one between the producer of hides and consumer of leather takes advantage of his ability to monopolize the market on hides and deprive the stock raiser and farmer of the benefit of protection has no place in the argument upon the question as to whether or not the producer of hides is entitled to a protective tariff. If this is a monopoly against the hide producers, it is the duty of the Government to destroy it and not to destroy the producer of hides. If there is to be established the principle that wherever the producer of an article protected is deprived of the benefit of the protection by monopoly, and on that ground the product is admitted free of duty, the law will have placed a premium on monopoly, which it should destroy. It simply enables the monopoly to buy cheaper. Suppose, for example, the duty should be taken off the hides, and they should be bought in foreign countries and laid down in this country 15 per cent less than the present value of hides, who would get the benefit of it, if such monopoly exists as is asserted? The place 2t which to begin in point of law to meet conditions that may be thus produced by monopoly is not by taking the tariffs off so-called raw materials produced by the farmers and stock raisers of this country, who do not create monopolies, but to take the tariff off the manufactured articles, so that the consumer will get the benefit in the end. If the producers of leather in this country have sufficient control of the hide market that they can name the price at which the producer must sell the hides, they can equally be as powerful to name the price of leather made from imported hides.

Now, suppose the tariff were taken off the hides and they are permitted to go into the markets of the world and buy them as cheap or cheaper than they do in this country. Can anyone give any assurance that the price of leather will decline on that account? And suppose the price of leather does decline—who can vouchsafe that the manufacturers of shoes will sell them cheaper because of the lower price of

leather? The fact is that neither the price of leather nor shoes has fluctuated with the price of hides.

It will be interesting to compare the price of hides, leather, and shoes at stated periods during each year for several years past. It will doubtless be found that the relative price of shoes was in the main not apparently affected by the price of leather

or the price of bides.

From two-thirds to three-fourths of all the beef cattle produced in the United States come from west of the Mississippi River, and necessarily the hides are produced in that section. To say that the value of the animal is not affected by the value of In that section. To say that the value of the animal is not affected by the value of the hide is equivalent to saying that it was not affected by the value of the wool nor the quality, character, or value of the meat. We might admit that under some circumstances the owner of the animal may not be able to get as much as it is worth compared with what the consumer finally pays for the finished and prepared product, but that does not mean that the value of the animal is not affected by an absolute higher or lower price of some material part of it. The question is, Shall the law declare that the producer of these great articles of trade shall be deprived of the benefit of protection for the same purpose which the manufacturer has it, upon the manufacturer of some one who perhaps knows nothing about it, that the value of mere assertion of some one who perhaps knows nothing about it, that the value of the animal is not to be affected by the tariff on hides or on wool? A false assertion

Equality of opportunity is a maxim of the law, and it lies in no man's mouth to say that a certain class shall not have it because of the assertion that it can not make use

of it. It certainly can not if the law denies the right.

Undeniably the prosperity of the live-stock business in cattle, sheep, and hogs in the country west of the Mississippi River has made the upbuilding of that vast area possible, and has added commercially to the prosperity of the whole country. It is to that source which the manufacturers of the East must look to sell their products, and if the people of that great section are to be impoverished in order that profits may be still greater for the manufacturer in the East, or for any other reason, it will be a perversion of the professed principles underlying the protective tariff system. In only a few articles can they possibly directly benefit by protection. Shall it be denied on those?

It may be said that the motive on the part of the stock raisers and producers of hides and wool is for a protective tariff in order to profit by it; that is true. Surely no less can be said of the motive of those who seek to put hides and wool on the free list. If these articles should be put on the free list in order that the manufacturers may prosper to a greater extent than now by being able to seek a cheaper source of supply, why should not the farmer likewise be entitled to go abroad to buy

his supplies, because to do so he may prosper more than now?

Millions of people are engaged in producing animals, hides, and wool. Shall they be sacrificed, and the manufacturers of those products, far less in number, be given a special privilege, on the mere assertion that to do so will reduce the price of shoes or clothes to the consumer? Cast up and see who is making the most profit. The manufacturer has no notion of reducing the price; his motive lies in getting the more profit from the man who toils to make the so-called raw material, and to buy the manufacturer's goods. He is not in business for benevolence. He haunts the halls of Congress and the hotel lobbies at Washington, while the farmer herds and feeds his stock, and tills the land and supports his family, for whom he buys the clothes and shoes from which the manufacturer profits. The manufacturer looks after making the laws in person, the farmer and stock raiser must leave it to his representative. What will be the result?

VI.

The live stock interests which are represented desire to call specific attention of the Ways and Means Committee to the importance of this industry to the prosperity of the nation, and that its trade should be fostered in every way to the end of the best market at home and abroad, and we here copy an extract from the pamphlet issued by the Agricultural Department Bureau of Statistics, Bulletin No. 55, as follows:

IMPORTANCE OF THE MEAT INDUSTRY,

With a meat export in 1900 amounting to one-eighth of the production, the growing of meat animals and the manufacture of the products derived from their slaughter are largely dependent upon the export trade, and the foreign marketing is essential to the maintenance of the present magnitude of the meat industry and of prices profitable to the farmer.

Although this is a country of meat eaters, with a total population estimated by the Bureau of the Census at 84,000,000 in 1906, the surplus of meat produced in 1900, as estimated in the preparation of this bulletin, was large enough to feed either the United Kingdom or the German Empire for nearly half a year, or both for nearly three months; the population of those two countries in 1901 was 98,000,000, as compared with a population of 76,000,000 in this country the year before.

If such an immense quantity of surplus meat food were to be confined within this country by the refusal of foreign countries to buy it, there would follow consequences to farmer, rangeman, slaughterer, and packer which would be financially disastrous.

In the valuation of all domestic animals in the census of 1900 the kind of meat animals having the highest value in the aggregate was cattle. The value of all cattle on farms and ranges and off farms and ranges in cities, villages, and elsewhere, was \$1,500,000,000, about one-third of which is the value given to dairy cows and two-thirds to other cattle. Swine occupy second place in order of value, but much below the total for cattle, the figures given being \$239,000,000. Sheep have third place with \$171,000,000, and goats have the small place indicated by \$3,400,000. A grand total value of all meat animals on and off farms and ranges, according to the census, was \$1,929,000,000.

The latest annual estimate of the value of meat animals on farms and ranges made by the Bureau of Statistics of the Department of Agriculture, January 1, 1907, gives to dairy cows the value of \$645,500,000, or an increase of \$137,000,000 over 1900. The decreased total value given to other cattle, although the value is larger per head, somewhat offsets the increase for dairy cows, since the loss in other cattle is \$85,000,000 from the value of 1900. The estimate for sheep for 1907 indicates an increase of \$34,000,000 in value above the census statement, and for swine an increase of \$186,000,000; there is no estimate for goats, which, for present purposes, may be regarded as having the 1900 census value.

Meat animals on farms and ranges January 1, 1907, increased in value in the aggregate \$272,000,000 above the census amount of June 1, 1900, and rose to a total value of \$2,152,000,000. The estimates of this department are for January 1, a time of the year when the number of swine and sheep is about one-fifth less than that on June 1, which is the census date, and the number of cattle is less in midwinter than on June 1. Hence, if the department's statements for January 1 were raised to a basis of June 1, the foregoing values for 1907 would be increased.

OTHER ITEMS OF CAPITAL.

Not only are the prices of meat animals directly affected by the marketing of the national surplus of meat, but likewise the value of the farms and ranges on which they are raised. While nearly all farms maintain at least one meat animal, the farms and ranges devoted especially to the production of live stock are the ones more directly affected.

The value of live-stock farms and ranges was estimated by the Bureau of Statistics of the Department of Agriculture in 1905 to be \$7,951,000,000, by adding to the census valuation the increase of the succeeding five years. Some horse and mule farms are

unavoidably included.

To the value of meat animals and of live-stock farms and ranges should be added the value of implements and machinery on such farms and ranges, or \$235,500,000.

Then there is a large amount of capital invested in wholesale slaughtering, meat packing, lard refining, and oleomargarine establishments which was determined by the Bureau of the Census to be \$238,000,000 in 1904.

The sum of the foregoing items of capital directly affected by the export of the national surplus of meat is \$10,625,000,000 and this capital is directly dependent upon such disposal for its profitable use and, indeed, for the integrity of the investment.

In addition to the capital concerned there are annual productions that should be noted. Upon the basis of census values the farm value of the cattle, sheep, and swine slaughtered and exported alive in 1900 was \$649,417,340. This is a computed value and may be above or below the fact for 1900; but whatever the true value was for that year, it was much larger for 1906, with its high values and large exports as well as perhaps increased home consumption.

The great annual corn crop of the country, having a value of \$1,167,000,000 in 1906, is very largely converted into meat, fats, and oils, and a large fraction of this crop is

exported in the form of the commodities mentioned.

TABLE 2 .- Capital directly affected by exports of surplus meat.

· Item.	Value.
Value of domestic meat animals on farms and ranges, January 1, 1907. Value of domestic meat animals not on farms and ranges, June 1, 1900. Value of live-stock farms and ranges, 1905, autumn. Value of implements and machinery on live-stock farms and ranges, June 1, 1900. Capital of wholesale slaughtering, meat-packing, lard-refining, and oleomargarine establishments, 1904.	\$2, 152, 320, 349 48, 627, 220 7, 950, 919, 310 235, 477, 714 237, 714, 690
Total	10, 625, 059, 283

COMPARISON WITH OTHER INVESTMENTS.

Better to understand the magnitude of the interests involved in the maintenance of meat exports, comparisons may be made with other aggregates of capital and classes of wealth. The capital directly related to meat production for export, \$10,625,000,000, is five-sixths as large as all capital invested in manufacturing in 1904. It is barely under the figures representing the capitalization of the net earnings of steam railroads, estimated by the Bureau of the Census, June 1, 1904; it is a little greater than the estimated true value of all property situated in the South Central division of States in 1904, as also of all property situated in the Rocky Mountain and Pacific regions. It is more than one billion dollars above the value of the real estate and of the implements and machinery of farms devoted chiefly to producing cotton, hay, and grain; or the estimated true value of all property situated in New England in 1904; or the estimated true value of the entire real estate of the South in 1904. It is nearly twice the value of the real estate and of the implements and machinery of farms devoted chiefly to producing cotton, fruit, rice, sugar, tobacco, vegetables, and to general farming; or more than twice the estimated true value of street railways, shipping, waterworks, telegraph and telephone systems, electric light and power stations, Pullman and private cars, and canals in 1904.

TABLE 3.—Meat capital compared with other capital and classes of wealth.

Item.	Value.
Capital directly related to meat production for export.	\$10, 625, 059, 283
Capital invested in manufacturing, 1904.	12, 686, 265, 673
Capitalization of net earnings of steam railroads, June 1, 1904. Value of real estate (1905, autumn) and of implements and machinery (1900) of farms	11, 244, 752, 000
devoted chiefly to producing cotton, hay, and grain. Value of real estate (1906, autumn) and of implements and machinery (1900) of farms devoted chiefly to producing cotton, fruit, rice, sugar, tobacco, vegetables, and to	9, 074, 168, 745
general farming (including small specialties)	5, 792, 314, 927
systems, electric-light and power stations, Pullman and private cars, and canals (1904) Estimated true value of entire real estate of South Atlantic and South Central divisions,	4, 480, 546, 909
1904	9, 505, 995, 304
Estimated true value of all property situated in New England, 1904	8, 823, 325, 592
Estimated true value of all property situated in the South Central division, 1904. Estimated true value of all property situated in the Western division (Rocky Mountain	10, 052, 467, 528
and Pacific regions), 1904	9, 992, 581, 271

Under the heading "Stock of Meat Animals"—"Number in the World," same Bulletin, it is stated:

It appears that contiguous United States has 74,200,000 cattle of the 424,500,000 cattle known to be in the world, or 17.5 per cent. British India has a larger fraction, or 20.9 per cent, but the fraction is smaller than that of the United States in every other country—one-half or less.

This country does not figure so largely in comparison with the total sheep, since the number in contiguous United States is but 53,500,000 of the 609,800,000 sheep, or 8.8 per cent. This fraction is exceeded by that of three countries. Argentina has 19.7 per cent of the world's sheep as far as known; Australia has 12.2 per cent; and European Russia 9.7 per cent.

The greatest prominence of this country in the possession of a meat animal is found in the number of swine. Of the world's 141,300,000 known swine, the United States

Comparative prices of leather and hides for ten years.

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TABLE 8.—Products, by kind, quantity, and value, with number of establishments reporting each kind, and per cent of increase: 1905 and 1900.

Kind.	establis	ber of shments rting.	· Va	Per cent of in-	
	1905	1900	1905	1900	Crease.
Products, total value boots, shoes, and slippers Total number of pairs			\$320, 107, 458 242, 110, 035	\$258, 969, 580 217, 965, 419	23.6
Total value. Men's boots and shoes.			\$315, 987, 387	\$255, 720, 266	23.6
Number of pairsValue	.		83, 434, 322 \$142, 038, 632	67, 742, 839 \$108, 105, 938	23. 2 31. 4
Boys' and youths' boots and shoes Number of pairs	. 299	388	21, 717, 236	21, 030, 479	3.3
Value	. 464	588	\$24, 301, 298	\$20, 739, 297	17. 2
Number of pairs	.		69, 470, 876 \$98, 262, 016	64, 972, 653 \$81, 804, 303	6.9 20.1
Number of pairs	.	551	41, 416, 967	41, 843, 202	11.0
Value	108	135	\$34,056,919	\$30,094,611	13. 2
Number of pairs. Value		278	4, 403, 097 \$3, 464, 561	4, 446, 965 \$2, 800, 213	11.0 23.7
Women's, misses', and children's slippers Number of pairs Value		218	13, 115, 194	12,645,876 \$10,134,393	3.7
All other kinds	157	126	\$10, 532, 271 8, 552, 343	·	61.9
Value	.'	161	\$3,331,690 \$3,327,955	\$2,041,511 \$2,175,738	63. 2 53. 0
Amount received for work done for others	89	148	\$792, 116	\$1,073,576	126.2

The reports in 1905 showed that 24,144,616 more pairs of boots, shoes, and slippers were made in the United States than in 1900, a gain of 11.1 per cent; the value increased \$60,267,121, or 23.6 per cent. The greatest increase was in the manufacture of men's boots and shoes, the increase being 15,691,483 pairs, or 23.2 per cent, and \$33,932,694 in value, or 31.4 per cent. Boys and youths shoes increased but 686,757 pairs, or 3.3 per cent, while the value increased \$3,562,001, or 17.2 per cent. The number of pairs of women's shoes manufactured increased 4,498,223, or 6.9 per cent. number of pairs of women's shoes manufactured increased 4,498,223, or 6.9 per cent. and the value \$16,457,713, or 20.1 per cent. There was a decrease in number of misses' and children's shoes manufactured of 426,235 pairs, or 1 per cent, but an increase in value of \$3,962,308, or 13.2 per cent. The manufacture of slippers was increased to the extent of 425,450 pairs, or 2.5 per cent, and \$1,062,226 in value, or 8.2 per cent. For "all other kinds," which includes infants' shoes, moccasins, athletic, and bathing shoes, etc., an increase of 3,268,938 pairs, or 61.9 per cent, and \$1,290,179 in value, or 63.2 per cent, is shown. Instances of decreases and small increases in quantity which appear in the table are attributed to slight changes in classification, which resulted in swelling the total of "all other kinds" in 1905, thus causing the large increase in that item. causing the large increase in that item.

It is plain from the foregoing that the amount of cattle leather in shoes is so small per pair that the difference in cost of shoes per pair on the average is so small that the

consumer will not get any of it.

If we take the total leather, a pair of heavy shoes at 3 pounds, which is above the average, and assume that cured hides make an average of 63 per cent leather and is worth 11 cents per pound for the hide, the weight of hide would be 4.8 pounds at 11 cents, equal 52.8 cents, duty 15 per cent, equal 7.9 cents, or 2.64 cents per pound of cattle hide in a pair of shoes.

Now, the per cent of heavy shoes to the total is very small, and considering the per cent of sole leather used, and the fact that it will probably run as low as one-half

pound, and average for all shoes probably 1½ pounds, it will be seen that the average difference in the cost of shoes per pair will not be more than 3 or 4 cents.

This seems to be borne out by the evidence before the committee. Now, look at the fluctuations in the price of hides and leather for ten years of the tariff, and observe that every year, for the entire period, cattle hides fluctuated in price between the high and low levels, 15 per cent or more, and leather from 6 to 10 per cent or more, not apparently with the price of hides, and it will at once be seen that it would be impossible for the shoe manufacturer of shoes and leather to take care of this 3 or 4

cents per pair of shoes. What those fluctuations would have been with free hides

there would be no way of telling.

The price of leather to the shoe manufacturer must be high enough to take care of the fluctuations in hides and leather, and the shoe manufacturer must put his price high enough to take care of the fluctuations in leather, which would swallow up the 3 or 4 cents. And this, assuming an active competition in both shoe and leather manufactures, which is doubtless more imaginary than real, so far as price to the consumer is concerned. Then comes the fluctuation in shoes sold to the retailer, which he takes care of in his retail selling price, even where not a dictated price fixed by the manufacturer.

Puzzle: Find the 3 or 4 cents.

Key to the puzzle: Don't look for it in the pocket of the consumer.

Hence the sophistry of the argument that the 15 per cent on hides affects the price

of shoes to the consumer.

Stock raisers and farmers think it worth an average of about \$1 per head in the intrinsic value of their cattle, and that when the stock raiser of South America brings his hides here for sale this tax of 15 per cent is reasonable, and that it doesn't cost the consumer of shoes a cent. They want equality before the law, and pray this committee to leave the duty on cattle hides in order that the product of our farms have the benefit of the home market.

[Taken from Statistical .	Abstract,	Commerce and	Labor, for 1907.]
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	Mile	h cows.	Othe	r cattle.	Total.	Total value.	
. Year.	Number.	Value.	Number.	Value.	number.		
1897. 1901. 1906. 1908.	15, 941, 727 16, 833, 657 19, 793, 866 21, 194, 000	\$369, 239, 993 505, 093, 077 582, 788, 592 650, 057, 000	30, 508, 408 45, 500, 213 47, 067, 656 50, 073, 000	\$507, 929, 421 906, 644, 003 746, 171, 709 845, 938, 000	46, 450, 135 62, 333, 870 66, 861, 522 71, 267, 000	\$8,771,691,414 1,411,737,080 1,328,960,301 1,495,995,000	

Does not this show that we can produce very nearly, if not quite, all the cattle hides needed for home consumption?

Respectfully submitted.

THE AMERICAN NATIONAL LIVE STOCK ASSOCIATION,
Office, Denver, Colo.
H. A. JASTBO, President, Bakersfield, Calif.
THE CATTLE RAISERS' ASSOCIATION OF TEXAS,
Office, Fort Worth, Tex.
IKE T. PRYOR, President.
S. H. COWAN,
Attorney for the Association, Fort Worth, Tex.

Mr. Cowan. I also desire to introduce the brief itself that Judge Rucker and I filed. It is a very short brief on meats.

The CHAIRMAN. It may be inserted.

Mr. Cowan. It was not until 1842 when the so-called Whig Tariff Act was placed upon the statute books that a duty was imposed upon hides, and this duty in various forms, sometimes ad valorem and sometimes specific, was continued until the enactment of the Payne-Aldrich Act in 1909. During the hearings on that measure before the Ways and Means Committee the principal arguments made by the representatives of the tanners and the shoe manufacturers were based upon the assertion that free hides would result in a material reduction in the cost of boots and shoes, saddlery, and similar articles manufactured from leather, to the consumer.

Statistics are unnecessary to prove to you, Mr. Chairman and members of this committee, that the promise of the shoe men and their associates has not been carried out. We make the assertion that there has never been a time since the Payne-Aldrich Act went into

effect in 1909 that the consumer has been benefited to the extent of 1 cent, but on the contrary the shoe manufacturers, the manufacturers of harness, the manufacturers of traveling bags, and of brief cases, and the manufacturers of every other commodity of which leather is the component part of chief value, has exacted from the

consumer every dollar that the traffic would stand.

One need not go outside of the city of Washington to ascertain the truth of this assertion. Within ten blocks of this committee room, on Pennsylvania Avenue, there are a half dozen shoe stores. These stores are of the chain variety, and most of them are conducted by the representatives of the big advertising shoe manufacturers. Up until the outbreak of the World War and, for that matter, for a year or so after that, the shoes of these manufacturers were advertised at a retail price which was stamped on the bottom, and those prices were maintained in every city of the country where these establishments were represented. The shoes of the same grade are still in existence, the same manufacturers are still advertising, but the shoes are sold at from 50 per cent to 100 per cent more than they were sold for five years ago, and during all this time hides have been free.

It is true that the price of hides has fluctuated and that during the World War they reached such prices as they had never reached before, in spite of the free importations under the free clause of the Payne-Aldrich Act. But during the last year hides touched a point on the opposite side of the scale and prices were down so low last winter that there was absolutely no market for them. It is even reported that one cowman in the Southwest hauled a two-horse wagonload of dry hides to market which he exchanged for a set of harness, and in spite of the fact that his team was loaded with all the hides they could haul he found that his load was several hundred

pounds short of being sufficient to pay for the harness.

A few months ago an Iowa farmer is reported to have taken 14 calfskins to a general store, which he wished to exchange for supplies and that he found that his 14 calfskins were valued at \$1.45 less than

the pair of shoes which he obtained in exchange.

There has recently been extensively circulated in the form of propaganda in the interests of shoe manufacturers and tanners a pamphlet in which the statement is made that during the fiscal year ended June 30, 1921, cattle hides to the value of \$40,000,000, in round figures, were imported into the United States. The pamphlet says that the Summary of Foreign Commerce, issued by the Bureau of Foreign and Domestic Commerce of the Department of Commerce, shows "that we exported foodstuffs to many foreign countries, including countries from which hides were imported, foodstuffs in crude condition and food animals to the value of nearly a thousand million dollars, and foodstuffs partly or wholly manufactured to the value of \$779,000,000." Note in this statement that the compiler of this pamphlet calls attention to the fact that these foodstuffs were shipped abroad, "including countries from which hides were imported." The inference naturally is that the compiler of this interesting document desires to impress the committee with the idea that the products of American farmers find their way into the countries from which we import hides. It would be difficult for this special pleader to show wherein hides from Argentina, Brazil, Paraguay, and Uruguay, from which the large percentage of imported hides come, were paid for by the shipment of American farm produce.

The same advocates insist upon reiterating the assertion that the duty on hides is added to the cost of leather and leather goods, and that the farmer and stock raiser secure absolutely no benefit from the increased value of the hide upon the animals which they ship to market. It is true that the condition of a meat animal is the principal means of valuation when that animal reaches the live stock market, but it is also true that the condition of the hide has a direct bearing upon the price of the animal. Every stock man knows that a steer whose hide is branded so that part of it is valueless for high-grade leather will not bring as much in the market as a native steer bearing no brand whatever upon his hide, even though in other respects the two animals may be identical as to formation and condition.

Every stock-yards buyer is an expert in his business and when he buys he is posted on the leather market as he is on the market for meat; and when hides are worth 40 cents a pound, as they were for a brief period during the World War, the steer will bring a bigger price than it brings to-day when hides are down below 12 cents a pound. It is a rather peculiar position which the advocates of free hides assume when they declare that the duty on shoes does not increase the cost to the consumer, but that a duty on hides does increase the cost to the consumer.

Reference to the brief filed by Judge Rucker of Colorado, in behalf of the American National Live Stock Association and others during the hearings on the pending bill before the Ways and Means Committee (see Part V, p. 3722, et seq.) is made for the purpose of calling the attention of the committee to the brief history of a tariff upon hides beginning with 1842. Therein it is pointed out that from 1½ to 2 pounds of dry hide is required to furnish the leather for the average pair of mens' shoes and that the tariff upon this portion of a pair of shoes at the rate of 15 cents per pound would not exceed 4½ cents at the utmost. Purchaser of shoes would scarcely complain even if he knew that he was to pay this charge, and certainly the farmer and the stock man would be the last to raise a protest against this protection which he would have through the duty on hides as against the producer of Mexico and South America.

All the arguments submitted in which it is attempted to show that the imposition of a duty upon hides will not benefit the farmer are advanced not by farmers or the representatives of farmers, not by the cattle men or the representatives of cattle men, but by those who are directly interested in reducing the cost of raw material for themselves. These gentlemen have appeared time after time and have insisted that the removal of duty would benefit the consumer

by reducing the price of all manufactures of leather.

We have had 10 years of free hides as the result of the arguments of these interested manufacturers and their representatives. During that time the price of hides alone has fallen, except for a brief period during the war. On the other hand, the price of shoes, the price of harness, the price of saddlery, the price of hand bags, and the price of brief cases have all advanced continuously. Shoes and harness are apparently among the last things to return to that "normalcy" of which we hear so much to-day. In spite of the general business depression the manufacturers of shoes and harness are certainly infinitely more prosperous than the men on the farms and ranges who

have raised the cattle whose hides must compete with the product of the pampas and the ranges of Mexico and the great cattle-raising countries to the south of us. No industry of this country is suffering to-day to the extent that prevails among the cattlemen of the southwest. A 20 per cent duty on hides is not much to ask, and we come here firmly in the belief that even this small sop will aid somewhat toward recovering from the frightful depression resulting in part from the outcome of the war, but more largely from the elemental conditions through which we have struggled during the past few years. High prices of feed, combined with almost continuous drought and the free importation of hides, have brought to the verge of ruin the entire stock-raising industry.

The remarks I made before this committee in 1911, of which you have the print here, and there are copies available. I think it was

ordered to be printed as a public document.

The brief of A. W. Rucker on hides, that was filed before the Ways and Means Committee, is a typewritten statement that I think contains his statements on that, which I will also hand in.
(The documents submitted by Mr. Cowan and referred to by him

are here printed in full, as follows:)

To the Committee on Ways and Means:

Hides were free until 1842 when the Whig tariff made them dutiable at 5 per cent ad valorem. This was continued in the Walker (Democratic) tariff of 1846. The duty was reduced to 4 per cent in 1857, and restored to 5 per cent in the Merrill tariff of 1861: raised to 10 per cent later that year and so continued until 1872, when hides were placed on the free list. There they remained until 1892, when a duty of 13 cents a pound was imposed. A duty of 15 per cent was substituted by the Dingley law of 1897, which remained in effect until the enactment of the Payne-Aldrich bill in 1909. For 59 years out of the 79, therefore, hides were on the dutiable list. In 10 years under the Payne-Aldrich free list, i. e., from 1911 to 1920, inclusive, the total importations of foreign hides into the United States were valued at \$888,000,000. Had a duty been imposed upon this vast product of the herds of the surplus producing countries, a tariff of 15 per cent would have produced \$133,000,000 of revenue, or upwards of \$13,000,000 per annum.

It is claimed that a duty on shoes does not increase the cost to the consumer. This must rest upon the fact that the imports of shoes is negligible, yet we all remember that such a claim was the stock in trade of the manufacturer when he thought that the hide question was buried beyond resurrection. The targets for the artillery of the manufacturer and independent tanner now are the packers and producers of cattle. It is contended by the manufacturer that he and the tanner must have 40 or 45 per cent of foreign hides to enable the tanner to carry on his business and the manufacturer to continue in the export trade, that in addition to the duties sought to be imposed they are seriously handicapped by the packers' exorbitant charges to the tanner,

and incidentally they make a strong plea for the pending packer legislation.

In this connection it is interesting to note the colloquy between the leading representatives of the shoe manufactur rs and independent tanners and Representative

Garner, a member of this committee, on the 11th of this month.

From that it appears that the manufacturers and the tanners would cease their opposition to the proposed duty if the wings of the packers were clipped as provided in the proposed legislation in question. We believe this committee should view with less concern the demands of the manufacturers and independent tanners, since their complaint is chieffy leveled at the packers and other home industries, whereas our relief must come solely from a duty levied upon foreign products.

But let us assume that the proposed packer legislation will not intervene to remove the objections. Then we are relegated to their original claim that they can not exist if the duty is levied and the packer is allowed to take his toll. Well, we have seen that they are still alive, that they have survived over that period when there was a duty and when there were packers, and they increased the number of their establishments, employed more men, increased their exports, and enjoyed immense profits, and in the abundance of their generosity increased the cost of their product to the consumer.

During the 12 years preceding the enactment of the Payne-Aldrich law, which placed hides upon the free list, our exports of boots and shoes increased from \$1,500,000 to \$11,500,000, or 798 per cent. During the same 12 years our imports of boots and shoes increased from \$43,000 to \$164,500. In other words, during that period our exports exceeded our imports by 700 per cent. The imported boots and shoes during that period when a duty remained on hides represented one two-hundred-thousandth part of the total value of the boots and shoes manufactured in this country. As was stated by one of the signers of our brief in the House of Representatives in July, 1909:

"In the face of this showing, the boot and shoe manufacturers need not fear their foreign competition; and still they want a duty to protect them from foreign competition while at the same time denying any sort of protection to the hides of the cow-

History repeats itself—the same crowd of philanthropists are here to-day, playing

on the same single-stringed instrument that they used 12 years ago.

In 1909 the same lobby told the same story to the Ways and Means Committee of the House when they asserted that the packers would drive the tanners, as well as themselves, out of business if hides were not placed upon the free list. They claimed then as they claim now, that the meat packers' trust controls the great majority of the hides in this country. In answer to this contention, attention is called to the report of the Bureau of the Census of the Department of Commerce, to the effect that on November 30 last, there were on hand, in round figures, 12,000,000 cattle, kip and calf hides, of which virtually 50 per cent were either domestic country hides or foreign hides

A similar report from the Bureau of Markets of the Department of Agriculture showed that during the fiscal year which ended June 30, 1920, the average number of hides produced in this country outside of the packing houses ran from 20 to 25 per cent of the total number of hides produced. The same report shows that during the same period foreign hides imported equalled from 28 to 47 per cent of the total number

of hides produced in this country.

With this evidence before us, one will not necessarily tremble with anxiety lest the hands of the landlords of the Washington hotels will be heavily laid upon the baggage of any of these representatives of the shoe industry for their board bills. Nor need we make extensive drafts upon our sympathies for the independent tanners, because it is not true that the packers have closed the markets for hides as is claimed. In addition to what we have already said, there is that great reservoir, country hides, which they can draw from, as well as the surplus which is always on hand coming from the packers. That is not all, for, as we pointed out in our statement to the committee, the abundant surplus in the competing countries overseas, coupled with their low cost of production, will afford another and limitless market to draw from, even though the proposed duty should be much higher than we ask.

Tracing back to 1908, we find that the total value of hides (including buffalo hides) imported that year was \$12,000,000. Following the figures in the Statistical Abstract, it is seen that in the fiscal year 1910—which was the first year under the law allowing free importation—the value of hides imported leaped to \$46,000,000. The minimum of importations since the enactment of the Payne-Aldrich tariff was reached in 1913, in which year the valuation of importations fell to \$41,000,000. The maximum of the payne-Aldrich tariff was reached in 1913, in which year the valuation of importations fell to \$41,000,000. mum, \$125,000,000, was reached in the fiscal year ending June 30, 1919. In spite of a glutted market following the close of the World War, the importations for the

year which ended June 30, 1920, reached the total of \$104,000,000.

Against these importations of the raw hides the Statistical Abstract shows that in the year 1908 the total exports of all leathers and leather goods, including boots and shoes, were valued at \$45,000,000. The peak was reached in the fiscal year ended June 30, 1919, with total exportations of leather and leather goods to the value of \$303,000,000. This total fell to \$200,000,000 during the year which ended with the month of June, 1920. It may be argued that these figures include the value of goods made from skins and hides other than those of cattle. While this is true, attention is directed to the fact that in the fiscal year 1919 exports of belting, sole leather, and upper leathers made from cattle hides reached the total of \$104,000,000, while during the same period boots and shoes, made largely from cattle hides, were exported to the value of \$78,000,000. It is safe to deduce from these figures that the total value of the leathers manufactured from cattle hides exported in 1919 at least equaled the value of the cattle hides imported during the same year.

It is seriously contended by the advocates of free hides that the cattle grower will not receive any protection from this proposed duty. The stockmen of the West have not constituted these leather trusts and boots and shoe men their guardians to say what is best for their interests. As a class, the stockmen are broadminded, intelligent, and capable, and when they assert, as they do, that the duty on hides does affect the

price of their steers, they are, as the real parties at interest, entitled to first consideration. A large percentage of all range cattle are branded. Anything that injures the hide reduces the value of the animal wearing that hide. This can readily be understood if one will glance at the reports of the hide and leather journals and market publications generally, which give quotations upon live stock, meats, meat products, and byproducts from all sorts of food animals. It will be found that branded steer hides are invariably quoted at from one to several cents per pound under the price of those not branded. Furthermore, the cow and bull hides are never as valuable in the market as steer hides. Therefore, it follows that the animal whose carcass is covered with a better hide is of more value to the buyer than the others mentioned.

All hide values depend upon size, sex, and condition.

The stockman contends that the value of the hide is a most important factor in the market value of his live stock. It is presumed that the country will soon return to normal conditions. When that time comes the hidee of cattle, which average from 61 to 71 per cent of the total live weight of the animal, the per pound value of the hide will be double that of the per pound value of the animal, making the total value of the hides 13 to 151 per cent of the gross value of the animal. Hence it will be seen that the producer of the hide, if this duty is levied, will receive approximately from \$1.50 to \$2.50 protection. There are more than 10,000 people actually engaged in the live stock business exclusively, with 6,000,000 farmers and dairymen engaged in cattle raising to a larger or smaller extent. It is for these 6,000,000 farmers and dairymen and the 10,000 stockmen for whom we ask this protection, and we contend that those for whom we make this plea are as much entitled to consideration as the boot and shoe manufacturers and independent tanners, whom they outnumber twenty to one.

CONSUMERS.

Assuming that the country will return to normal conditions in the near future,

these estimates will serve to maintain our position:

From 1½ to 2 pounds of dry hide will be required to furnish the leather for an average pair of men's shoes. The average value of 1 pound of raw hide is in the neighborhood of 15 cents. The duty on a pound of raw hide, assuming it to be valued at 15 cents and the duty to be 15 per cent, would be about 21 cents, and for 2 pounds 41 cents. In other words, the amount of the hide duty on an average pair of shoes would range from 2 to 4½ cents. Compared with a large benefit to a great population engaged in one of the basic industries of the country—assuming that this whole amount should be paid by the wearer of the shoes—it is so insignificant that the wearers of the shoes have never been and never will be heard to complain. But, as a matter of fact. it can not be shown that this 4 cents has ever been added to the price of a pair of shoes during the period when a duty was exacted on the importation of foreign hides, and certainly it can not be shown that 4 cents or any fraction thereof has been subtracted from that price since hides have been on the free list.

Assuming that the importation of hides will continue at the average of importation during the past 10 years, and that a duty of 15 per cent will be placed upon those hides, then the revenue received by the Government from this source will amount to \$13,000,000 per annum. Based upon the exports of leather boots and shoes manufactured from imported hides, the drawback allowed—if that drawback is to be continued in the new tariff—would amount to about one-fourth of the import duties, or, in round figures. \$3,000.000 per annum. If we allow two pair of shoes per annum for every man, woman, and child in the United States, which admittedly is a liberal estimate, and if we consider that the imposition of an import duty would increase the cost of these shoes by the whole amount of duty upon the proportion of the hide entering into the manufacture of these shoes, or 4 cents per pair, the total tax per capita would be only 8 cents per annum. or an aggregate of \$8,480,000 for the 106,000,000 inhabitants of the United States, leaving a balance of more than \$1,500,000 per annum as revenue after the drawback is allowed and the consumer of the shoes has paid the

The total absence of any solicitude on the part of the manufacturer toward the consumer of his product evidenced by the prices exacted in dollars is in painful contract with that manifested toward them on account of the few pennies collected to contribute toward sustaining a great and absolutely necessary industry of this

country.

SHEEP PELTS.

The reasons given for a duty on cattle hides apply with equal force for a duty on sheep pelts, and therefore we deem it unnecessary to make a special argument covering that branch of the live-stock industry.

Respectfully submitted.

THE AMERICAN NATIONAL LIVE STOCK ASSOCIATION, THE CATTLE RAISERS' ASSOCIATION OF TEXAS.

THE NATIONAL WOOL GROWERS' ASSOCIATION,

THE CORN BELT MEAT PRODUCERS' ASSOCIATION OF IOWA.

THE KANSAS LIVE STOCK ASSOCIATION,

THE COLORADO LIVE STOCK ASSOCIATION, and ALL OTHER LIVE STOCK PRODUCING INTERESTS.

To the Committee on Ways and Means:

At the oral hearing before this committee on January 25, leave to file this brief on

behalf of the live stock interests was granted by the committee.

We have prepared the brief from the best available data obtainable within the time afforded, condensing and excerpting from official statistical and other reports by condensing the illustrative points, making reference to the source of the information. The data are to be found in the documents referred to so that those desiring to do so may examine into the more comprehensive statements in support of the proposition here presented.

The oral statements and arguments of S. H. Cowan, J. H. Mercer, and A. W. Rucker were presented on the 25th day of January, before the full committee and printed

in its proceedings, to which reference is here made.

As other data and compilations may be available so as to afford opportunity for collecting and presenting additional facts, we desire now to reserve the right, if the committee will so order, to file a supplemental brief in addition to what we here present, at as early a date as can be done and within such time as the committee may fix. We are led to make this request because, after being notified of the fact that the committee would hold the hearing referred to, it was impossible to prepare and present a brief before the oral argument and because we expect to be able to present facts in addition to those contained in this brief for the further information of the committee.

We have not been able to assemble the data as to hides but will present a supple-

ment on that item.

We propose a tariff on frozen and refrigerated fresh beef and mutton of 20 per cent ad valorem with a minimum of 4 cents per pound, as essential to the continued production of meat animals in the United States to supply the consumption and to afford a home market for the same, which is absolutely and undeniably essential to the prosperity of farming and stock raising. We are not dealing with normal conditions nor can they soon be restored; and they can not be restored at all without protecting the American stock raisers and farmers in the preference to the home market for consumption of meat food products and particularly beef and mutton, and in addition to that (which is presently most urgent) the other animal food products, wool and hides, including mohair and pelts. We insist that when the fire is burning it must be put out and then consider preventive measures against the recurrence, instead of devoting first our efforts to provide the permanent remedy that may be made to fit normal conditions not now in sight. First aid to the injured and burial of the dead is the first duty of the people's representatives for the salvation of the survivors.

To our view, and it is imperative, the remedy must relate directly and immediately

to existing conditions, which if continued must grow worse.

Who shall furnish our meat and bread? Shall it be from the toil and industries of Americans, who should be afforded an opportunity for modest profits, or by forcing production that impoverishes our own over-burdened producers? The consumer is as much interested as is the producer. There are not two classes, producers and consumers, in considering these great economic problems lying at the very foundation that supports the superstructure on which the prosperity and development of the country rests. All producers in the workshop or in the fields are consumers and spend their money derived from their industry for what they require, and the bankers, merchants, traders, and professions are always dependent on the basic business of the country, sharing in its prosperity or adversity, in the long run. We can't reckon with the man so selfish as not to favor home production to the extent of affording the opportunity for a fair profit to the producer on the basis of "live and let live" with progress as the watchword. At the outset let it be understood, and let that under-

standing be maintained throughout, that the meat products are not supplied by the producers, nor do they possess the possibility of fixing the price to the consumer, and they have nothing to say as to the price received for live animals sold by them for slaughter. Neither is there competition from abroad in the importation and sale of meats. Is there any class of people in this country, which, under existing conditions, with any feeling for the country's good and prosperity, would hesitate to say that American stock raisers and farmers shall have a fair preference in the home markets

of consumption?

In the assurance to the people of this country that a bounteous supply of the best meats will be produced at home and the money kept here, and the stock raiser and farmer have a fair return for their labor and industry, lies the foundation of the Nation's wealth and prosperity. The same manufacturers, the American packers furnish the meat supply and have the means of transporting and handling the fresh meats, without competition with others of substantial sort. In this it is wholly different from other commerce. The American meat packers undeniably control the exports and imports of frozen and refrigerated beef and mutton and exclusively carry on that business for this country, and they did that both when there was a tariff and when these products could come in free of duty. There is no use, therefore, to indulge in speculation as to any possibilities of it being otherwise. You are dealing with things, not fancies, and the live-stock producers are facing facts and not theories, and these facts are to-day ruinous. We are not posing as advisors of the packers: they do not need it, nor has the stock owner the vanity to suppose that he knows how to operate or direct the operation of so great a business, but it may be here stated that their greatest asset is the supply of live stock sufficient to meet the consumption of this country to be here produced, manufactured, and sold. Whether they do or do not desire to have our markets available free of duty for dumping the suplus of their plants in other parts of the world, when other markets for the products are less desirable or less profitable than ours, the power to do it is a constant menace to the producer here who can not meet the cost of production of other surplus-producing countries, subjecting the stock raisers here to the lowest level of prices, which under free trade is entirely in the American packers' control. Without a substantial tariff to protect this home industry the increase in importations wholly at the will of the American packers, will grow as the profits in the same stimulate the importation until at last this country would be dependent on the foreign production for its meat supply, just to the extent that the American packer may make it. This is no pipe dream; it is the inevitable result without the relief we demand. But let us suppose that under world conditions to-day the American packers do not desire, that is to say, it would not be a profitable policy to dump the foreign meats into this market to take the place of what we produce. Is it not true that if our markets are available and desirable, others would engage in such importations and so divide the trade that continued low prices for live stock and the hopeless condition would exist to destroy the live-stock producer? Once that condition, which stares us in the face, arises, the consumer, so called, would be worse off as time should go on till the lessened production here and the control by a few concerns of the trade would keep up the prices to the consumer to the highest level. Remember, you can not plant a crop of steers to raise for meat and increase or decrease production as you will. Once put out of the business the producer would be a fool to go back in. Therefore, even from the packers' viewpoint (and we have no information as to what that may be) the tariff which we propose would not work an injury to them in the long run.

It follows that producers, consumers, packers and all others have in this matter a like interest, differing perhaps only in degree.

Then there is the general public interest in the development of the country and the fructification of the soil, which it is universally known must be kept up by live stock or it must disappear; and finally with it the production of grain much reduced, till, with rapidly increasing population, we will produce less bread than we consume. When that day comes poverty will have overtaken us. No one can be hurt and every one entitled to it will be the recipient of the benefits of the tariff we propose.

The stimulus of the war upon the production of live stock and meats naturally followed the increased prices and profits where conditions and cost of production had their effect. But for that, beginning as it did almost concurrently with the free trade in meats, the production of live stock in this country sufficient for the country's needs would not to-day exist. The extension of the operations of the American packers in the surplus-producing countries, where production was cheaper, was growing and it continued to grow during the war. When the war ceased and European demands were to be supplied but in far less amount, the trade was turned to our markets, not caused by extensive commercial opportunities, but solely by the American packers to use for what could not be sold more profitably elsewhere. For example, the exports of fresh beef were 480,179,681 pounds during the first 11 months of 1918, the last year of the war. but fell to 88,101,986 pounds for the 11 months of 1920.

Labor and cost of the use of land, the cost of feed and every item of supplies and materials, the cost of transportation and of marketing has not in this country been reduced, but, upon the whole, increased, with no prospect of soon being reduced, with the single exception of feedstuffs, and even that is more apparent than real, because of the cost of producing and cost of transportation and handling.

So that our cost of production of beef and mutton is enormously greater than in the other surplus-producing countries, as it must continue to be until only the most favorably situated producer can remain in business, with our total production reduced far below our consumption. With that condition the control of the price to the consumer necessarily must rest with the importer. The fact that the surplus trade has been so rapidly turned to this country and the fact that right here in the city of Washington at this time New Zealand frozen lamb is sold at a price of 7 cents below American refrigerated lamb by the same packers handling both through their cooling and storage houses, proves far more as to the difference in cost of production than statistics or other evidence available: indeed, dispenses with the necessity of further proof for the purposes of convincing a man of common sense of the exigency that calls for all the relief we demand. The available facts as to cost of production relating alone to the cost of labor and grazing is amply sufficient. We submit elsewhere statements.

It has been asked whether or not the imposing of a tariff upon the food products

which come into competition with the products of the United States increases the cost to the consumer. Partly in answer to this, the facts do not bear out the idea that the tariff duty is borne by the consumer but that it simply acts as a protection against the flooding of the market with foreign produce, and to bear out this reasoning the committee may take the wholesale price of beef in the spring of 1911. as shown by the published reports of Swift & Co. in the daily newspapers of Washington and which are printed in the hearings on House bill 4413, sixty-second Congress, first session, before the Ways and Means Committee, May 15 and 16, 1921. Those figures show that the spread of wholesale price on dressed beef in the city of Washington ranged between 11.57 cents per pound on the 30th day of April, 1910, to 8.92 cents per pound on the 13th day of April, 1911, and this under a tariff of 11 cents per pound. Intermediately prices arose from 1914 until 1920 from the same source, namely, the newspapers published in the city of Washington, the spread of wholesale price of beef from April, 1920, to December 24, 1920, shows a range of from 13.49 cents per pound to 25.57 cents per pound during which period meats could be imported free of duty, and were so imported, and this 18 months after the armistice was signed so that the war demand could not have affected the prices. It does not appear that the retail price. of which you are all aware, follows the wholesale price. As a matter of common knowledge, it does not.

PRODUCTION, EXPORTS, AND IMPORTS OF MEAT ANIMALS AND MEATS.

There are no means available by which an absolutely accurate statement of the total slaughter of meat animals in the United States can be ascertained for the reason that in many communities, especially in the rural districts and in small villages the farmer and the local butcher slaughter animals from time to time of which no record whatever is kept, but the Department of Agriculture, Bureau of Animal Industry, has published tables from time to time giving the total number of animals slaughtered as estimated by the bureau office. One of these is entitled "United States Meat Production," etc. Calendar years 1914 to 1919. From Table No. 1 of this pamphlet it would appear that in 1914 there was slaughtered a total of 11,004,500 cattle, of which 61 per cent were inspected by the Federal authorities. In the same year the slaughter of calves amounted to 4,661,400 head; sheep and lambs, 18,460,500; and goats, 499,000. Compared with these figures the report shows in 1919, the latest available, the total slaughter as follows: Cattle, 13,635,100; calves, 9,041,000; sheep and lambs, 16,460,600; and goats, 247,500.

Table 3 of the pamphlet on meat production from which the above figures are taken shows that the total pounds of beef, mutton, and lamb (including goats) slaughtered in 1914 was 6,811,041,000, compared to the total of 7,056,892,000 pounds in 1919.

The meat production in the surplus-producing countries—Australia, South America, and South Africa—can not be ascertained except as reflected by the live stock

produced and exports of meats.

In 1914 our total export of pickled, fresh, and canned beef, veal, mutton and lamb (including goats, which is negligible) was 89,803,753 pounds, which was increased in 1915 to 379,790,966 pounds, and the peak of the exports of these products was reached in 1918, when the aggregate was 701,627,527 pounds. In 1919,

the last year for which full reports are available, exports fell to 273,971,892 pounds. From the same source (Table No.4) it is shown that in 1914 the United States imported a total of 274,076,922 pounds of fresh beef, veal, and mutton (reexports not included) and that in 1919 the total imports had fallen to 45,266,059 pounds, exclusive of re-In the year 1920 the total imports of meat into the United States exceeded by 40,000,000 pounds the combined export of American meats and foreign meat products reexported according to the information furnished us by the Tariff Com-

The Bureau of Markets of the Department of Agriculture reports that 58,725,460 pounds of imported beef were inspected by the Bureau of Animal Industry during

the calender year of 1920

During the year 1920 there was imported and inspected by the Bureau of Animal Industry 102,441,737 pounds of mutton and lamb as against 8,472,110 pounds of mutton and lamb imported and inspected during the calendar year of 1919.

Inquiry at the office of one of the wholesale establishments in the city of Washington indicates that the price of New Zealand frozen lamb is on the average of 7

cents per pound lower than the price received for American dressed lamb carcasses. It is most significant, and to live stock producers an alarming fact, that after the war, which afforded a market for all live stock products regardless of free trade, and kept out imports from this country, that immediately when the war was over our exports fell so rapidly that in two years we have so changed that our imports of meats exceed our exports, and if continued, as it will be under free trade, in rapidly increasing volume, our live stock industry will soon be ruined.

It is not a political question. Plainly it is a question of producing our own meats or buying them from our packers imported from their plants in other countries.

This brings out in bold relief that the consumer is as vitally interested in our home

production as is the producer.

The Bureau of Markets furnishes us the information that the amount of frozen domestic lamb and mutton in storage January 1, 1920, was 10,289,780 pounds. year later, or on January 5, 1921, there was in storage 82,000,000 pounds, while the greatest supply of frozen lamb and mutton in storage previous to 1920 was 12,500,000 pounds. From this source it was learned that there were imported into the United States on the fifth day of January, 1921, on the steamships Kent and Lietrim, 270,262 carcasses of lamb and mutton, having a total weight of 13,875,032 pounds: also,

that three more cargoes are en route to United States ports.

We submit the following tables showing the production of meat animals, and exports and imports by countries, for the purpose of showing to the committee the world trade as it relates to the competitive production and marketing in the United States; exports from the United States to foreign countries, and from foreign countries to the United States. The object is to supplement the argument presented that the indisputable fact, as shown by the actual figures as nearly as they can be ascertained, that, unless there is imposed a sufficient tariff to prevent it, the United States will cease in the course of a comparatively short time to produce the meats which it consumes and will be a consumer of the surplus products of the foreign countries which produce a much larger proportionate surplus, as related to the population of such countries, than is produced in the United States. The surplus which will be imported from other countries and sold in this country will necessarily take the place of the home production and reduce the price level, should it be desired by the importers of the carcasses imported, to such figure as to keep down the value of the home production, which must inevitably lead to a continual decline in pro-

At the risk of repetition of what was presented in our oral statements and submitted elsewhere in this brief, we desire to call attention at this point to the fact that the United States now has 640 cattle and 345 sheep per thousand of population, whereas the other surplus producing countries have the following: Argentina, 3,120 cattle and 5,450 sheep; Australia, 2,220 cattle and 16,100 sheep; New Zealand, 2,490 cattle and 22,110 sheep; Canada 1,200 cattle and 380 sheep; Paraguay, 5,280 cattle and 600 sheep; and Chile, 500 cattle and 1,180 sheep, per thousand of population. The cost of production in the countries named, as shown in the part of this brief

under that heading, is so much less than in the United States that there is no comparison, and no tariff short of an embargo could be made to equal the difference.

The remarks submitted here in connection with the tables which follow emphasize the correctness of the conclusions in the foregoing argument as demonstrated by these tables, which are the most reliable data obtainable. The tables are as follows:

Compendium of production of meat animals and exports and imports by countries.

[Live-stock estimates for the United States as of Jan. 1.] (000 omitted.)

	Cattle ar	d calves.		Sheep.	Swine.
Year.	Milk cows.	Other cattle.	All cattle.		
	Number.	Number.	Number.	Number.	Number.
910 1	20, 625	41, 178	61,803	52, 448	58, 186
911	20,823	39, 679	60, 502	53, 633	65,620
912	20,699	37, 260	57, 959	52, 362	65, 410
913	20, 497	36,030	56, 527	51, 482	61, 178
914	20, 737	35, 855	56, 592	49, 719	58, 933
915	21, 262	37, 067	58, 329	49, 956	64,618
916	22, 108	39, 812	61, 920	48, 625	67, 766
917	22,894	41,689	64, 583	47,616	67, 503
918	23, 310	44, 112	67, 422	48,603	70, 978
919	23, 475	45, 085	68, 560	48, 866	74, 584
920921 ²	23, 619 23, 321	44,750 42,870	68, 369 66, 211	47, 114 45, 067	71, 727 66, 649

Population 1910, 91,972,266. Population 1920, 105,683,108.

. Receipts and disposition of live stock at all public stock yards for five years. [12 months ending Dec. 31.]

Year.	Receipts.	Local slaughter.	Stockers and feed- ers.
Cattle and caives: 1916. 1917. 1918 1919 1920. Hogs: 1916. 1917. 1918. 1919. 1919.	25, 391, 544 24, 704, 346 22, 097, 589 43, 265, 224 38, 443, 360 45, 390, 220 45, 035, 949	10, 457, 889 13, 358, 173 14, 971, 186 13, 713, 623 12, 811, 841 31, 175, 312 25, 841, 853 30, 968, 066 30, 584, 250 26, 741, 180	3, 846, 69- 4, 803, 39 5, 013, 03 5, 286, 42 4, 041, 05 194, 10; 787, 79 988, 621 901, 97 712, 83
Sheep: 1916. 1917. 1918. 1919.	20, 691, 665 20 222 225 22, 491, 847	11, 498 477 9 147 810 10, 273, 136 12, 651, 803 10, 979, 516	3 277 28 4, 447, 72 5, 207, 50 6, 955, 75 5, 169, 93

Meats frozen and cured in 1920 and 1919 as reported by slaughterers and cold-storage warehousemen.

	1920	1919
Beef, frozen Beef placed in cure Lamb and mutton frozen Pork frozen Pork placed in dry salt cure Pork placed in pickle cure Lard produced Beef frozen and cured. Pork frozen and cured, pork frozen sured, including lard Decrease in beef. Decrease in lamb and mutton	1, 715, 561, 506 1, 251, 567, 529 298, 665, 412 4, 493, 078, 730 410, 626, 732 439, 699, 753	Pounds. 544, 787, 225 164, 504, 919 17, 664, 671 360, 694, 652 1, 890, 156, 066 1, 628, 100, 097 1, 055, 827, 668 709, 292, 144 4, 932, 778, 483

Full data as to the production of meat and meat food animals in the countries producing a surplus are of necessity incomplete, but the latest figures available, as shown by Circular No. 38, Bureau of Crop Estimates, of the Department of Agriculture,

Census report Apr. 15, 1910.
 Estimate Bureau of Crop Estimates, released Feb. 1, 1921.

issued on the 15th of October, gives the following as the number of live stock in the countries named on the dates specified. The bureau in publishing these figures

makes this explanation:

"Live stock.—Although statistics exist showing the number of live stock in the different nations of the world, the figures in many countries are not for uniform dates, relate to different years, and even to different seasons of the same year. To make an accurate or even satisfactory summary of the numbers in the whole world in any given year or in any given season, is therefore, impossible. From the figures relative to the different countries in the following tables and pertaining to prewar estimate it may be reasonably inferred what the normal numbers were before the war."

Number of live stock in specified countries.

(000 omitted.)

	Prewar esti	mates.	Recent estimates.		
Country.	Date.	Number.	Date.	Number.	
Cattle:					
United States	Jan. 1,1914	52,592	¹ Jan. 1, 1921	66, 211	
Canada	June 30, 1914	6,037	June 30, 1920	9,477	
Argentina.	Jan. 1, 1914		1918	2 35,000	
Uruguay			1918	7, 802	
Brazil	1913	30, 705	Dec, 1918		
Union of South Africa.	May 7,1911	5,797	1919	8 5, 575	
Australia	Dec. 31, 1910	11,745	1919		
New Zealand	Apr. 1,9111	2,020	1920		
Sheep:		_,0_0		3,000	
United States	Jan. 1,1914	49,719	Jan. 1,1921	45,067	
Canada	June 30, 1914	2,058	June 30, 1920		
Argentina.		4 81, 485	1918	* 83,000	
Uruguay	1908	26, 286	1918		
Brazil	1913.	10,653	1918.		
Union of South Africa.	Dec. 31, 1913	35,711	1919		
Australia	Dec. 31, 1910	92,047	June 30, 1920		
New Zealand	Apr. 30, 1911	23, 996	Apr. 30, 1920	23,915	
Swine:	11011 00,1011	-0,000	11p1. 00, 1020	20,020	
United States.	Jan. 1,1914	58,933	Jan. 1,1921	66,649	
Canada		3, 434	June 30, 1920	3,517	
Argentina	June 1, 1914	2,901	1915	2 3, 197	
Uruguay	1908	180	1010	- 0, 101	
Brazil	1913	18, 399	1916	17,329	
Union of South Africa.	May 7, 1911	1,082	1919		
Australia.	Dec. 31, 1910	1,026	1918		
New Zealand	Apr. 1,1911	349	1920	260	
THOW MODICALLY	Apr. 1,1811	349	1820	200	

¹ Estimate furnished by the Bureau of Crop Estimates Feb. 1, 1921.

² Unofficial estimate.

Principal countries, competitive or potentially competitive, population, and cattle and sheep per 1,000 population and cattle units per 1,000 population.

Country.	Popula- tion.	Year.	Number of cattle.	Cattle per 1,000 popula- tion.	Year.	Number of sheep.	Sheep per 1,000 popula- tion.	Cattle units per 1,000 popula- tion.
Argentina. Uruguay Brazil. South Africa Australia New Zealand Canada United States India. Russia (and Siberia with 957,000 head) Paraguay Colombia Venezuela. Chile.	1, 379, 000 26, 542, 000 6, 609, 000 4, 971, 000 1, 162, 000 8, 361, 000 106, 653, 000 315, 156, 000	1914 1916 1916 1911 1919 1918 1918 1919 1916	25, 867, 000 7, 803, 000 28, 962, 000 11, 040, 000 2, 888, 000 10, 051, 000 67, 866, 000 130, 145, 000 32, 704, 000 3, 035, 000 2, 004, 000	3, 120 5, 650 1, 090 680 2, 220 1, 200 640 410 180 5, 280 660 710 500	1914 1916 1916-17 1918 1919 1918 1920 1916	45, 000, 000 11, 473, 000 7, 205, 000 79, 993, 000 25, 728, 500 31, 151, 000 36, 753, 000 37, 240, 000 600, 000	5, 450 8, 320 270 380 16, 100 22, 100 380 345 100 205 600	3, 900 6, 850 1, 130 930 4, 520 5, 590 1, 260 424 210 5, 330 670 720 670

Basic date from Statistical Abstract, U. S., 1918, etc. Yearbooks, U. S. Dept. Agric. and Bul. N. A. W. M., vol. 50, No. 1.

Excluding native locations, reserves, etc.
 Excluding native locations, reserves, etc.
 The census of June 1, 1914, shows 43,225,000 sheep, excluding lambs, with a preliminary estimate for Dec. 31, 1914, of 56,000,000, including lambs. The final official estimate for Dec. 31, 1914, is 43,682,000 while the official estimate of Dec. 31, 1913, placed the number of sheep, including lambs, at 81,485,000.
 Excluding northern territory.

TARIFF-AGRICULTURAL PRODUCTS AND PROVISIONS.

Total exports all meats from 8 countries.

	Average 3 year	s, 1911–13.	1918	_	1919	
Country.	Pounds.	Per cent of total.	Pounds.	Per cent of total.	Pounds.	Per cent of total.
Argentina. Australia. Canada Brazil. British South Arica. New Zealand Uruguay United States ¹ .	1, 173, 474, 754 507, 142, 642 62, 514, 078 1, 520, 049 537, 300 326, 538, 613 196, 372, 194 1, 248, 092, 734	29. 4 12. 7 1. 6 	1, 960, 499, 388 370, 285, 671 410, 481, 213 214, 940, 377 19, 143, 192 272, 528, 713 291, 586, 749 3, 061, 873, 084	29. 0 5. 5 7. 1 3. 2 4. 0 4. 3 45. 7	1, 214, 970, 492 394, 031, 360 437, 094, 320 251, 191, 714 46, 481, 325 448, 102, 144 342, 971, 655 3, 118, 727, 502	18.9 6.1 6.8 3.9 0.7 7.0 5.3 48.5

¹ Pork products are included.

Imports of meats, all kinds, 15 countries.

Country.	Average 3 years, 1911-13.	1918	1919
Austria Hungary	Pounds. 28, 566, 326	Pounds.	Pounds.
Austria-Hungary Belgium		•••••	156, 432, 516
Cuba	131, 589, 697	131, 106, 195	100, 402, 010
Denmark	33, 830, 395	1, 273, 597	14, 032, 279
France	111, 496, 175	762, 558, 793	1, 283, 387, 828
Germany		,	
Italy	104, 618, 999	491, 880, 871	525, 440, 397
Netherlands	359, 863, 684	934, 629	114, 831, 971
Norway	41, 826, 576	27,654,048	60, 308, 623
Russia	130, 897, 272		
Spain	37, 974, 193	12, 944, 357	18, 594, 553
Sweden	24, 213, 476		88, 034, 800
Switzerland	56, 327, 016	23, 568, 717	6, 635, 185
United Kingdom	3,056,945,089	3, 300, 554, 335	3, 095, 221, 136
United States	12, 131, 614	34, 489, 683	107, 642, 834
Total.	4, 869, 226, 539	4, 786, 965, 225	5, 470, 562, 121

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Exports of meat and meat products 10 years, 1911 to 1920, both included.

Commerce.]
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Department
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reports
From

6.0 6.0 6.0 6.0 6.0 6.0 6.0 6.0 6.0 6.0
25, 887, 227 42, 824, 247, 247, 247, 247, 247, 247, 247, 2
14, 457 15, 458 16, 605 17, 48, 163 16, 605 17, 48, 163 18,
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111 911 92 92 92 92 92 92 92 92 92 92 92 92 92
282 823 825 823 824 825 825 825 825 825 825 825 825 825 825
23, 748 23, 748 23, 748 23, 748 24, 887 24, 887 25, 887 26, 887 27, 887 28,
4, 183, 996 6, 850, 123 25, 180, 123 100, 247, 541 11, 257, 541 12, 277, 541 13, 277, 541 14, 622 17, 782, 618 17, 782, 618 17, 782, 618 17, 782, 618 17, 782, 618 17, 782, 618 18, 177, 182 18, 177,
8, 439, 735 1, 049, 735 1, 049, 735 1, 049, 735 1, 049, 513 1, 049, 513 1, 049, 513 1, 049, 513 1, 049, 513 1, 049, 649 1, 049 1, 049, 649 1, 049 1, 049
11. 12.8, 28. 12.18, 28. 12. 12. 12. 12. 12. 12. 12. 12. 12. 12
Beef products: Beef, canned

Imports of fresh meats.

The United States became an importer of fresh meats first in 1914, following the enactment of the law placing meats on the free list. Importations of such meats during the past six years, as shown by the reports of the Bureau of Foreign and Domestic Commerce, Department of Commerce were:

	1914	1915	1916	1917	1918	1919	1920
Meat products—meats, fresh: flbs Beef and veal. fdls Mutton and lamb fdls Pork. fdls (dolls fdls	254, 319, 200 22, 758, 994 19, 875, 942 1, 824, 168 18, 952, 005 2, 342, 271	118, 589, 580 11, 125, 444 11, 879, 353 1, 109, 156 3, 498, 294 370, 553	39, 772, 414 3, 988, 944 17, 235, 208 1, 528, 633 954, 561 95, 997	22, 072, 147 3, 088, 759 5, 628, 903 685, 401 2, 580, 340 553, 812	23, 339, 081 4, 159, 186 607, 896 1, 721, 979 376, 604	38, 461, 758 6, 408, 081 8, 209, 182 1, 547, 338 2, 779, 361 601, 051	50, 182, 105 8, 057, 270 101, 168, 319 12, 646, 379 1, 546, 009 416, 092
Total fresh meats (Ibs.)	293, 147, 147 26, 925, 433	133, 867, 227 12, 605, 153	57, 962, 183 5, 611, 574	30, 276, 390 4, 327, 972	25, 668, 956 4, 670, 080	49, 450, 301 8, 556, 470	152, 891, 433 21, 117, 741

The following summary so well illustrates the situation as to foreign meat production in 1919 that we submit it for the consideration of the conmittee.

FOREIGN MEAT SITUATION.

[Price Current-Grain Reporter, May 8, 1919, p. 40.]

The annual review of the frozen-meat trade of the world by W. Weddel & Co., of London, was issued, bearing date of April 1, 1919, from which it appears that during the year 1918 approximately 600,000 to 700,000 tons of frozen meat were shipped, mainly from the Western Hemisphere to the armies in Europe, Egypt, and Salonica. The great bulk, however, entered Europe through French ports. Italy took about 165,000 tons, the bulk of which came from the River Plate and Brazil. This compares with 96,800 tons for the year 1916. The export from Australia in 1918 was the smallest recorded for many years, amounting only to 66,900 tons compared with 118,540 in 1917 and 171,200 in 1914. The bulk of this meat was beef, only 7,900 tons in 1918 having been of mutton and lamb, showing that the sheep farmers of Australia are in difficulty but are making strong efforts to overcome the very serious losses of stock suffered during the preceding years, particularly 1914 and 1915, when sheep were reduced, it is said, by the enormous total of 16,000,000 head and cattle by 1,000,000 head owing to adverse weather conditions. Recent estimates place the number of sheep now in the Commonwealth at 78,000,000 head and cattle at 10,500,000. The sheep are about 9,000,000 above the low-water mark of 1916 but are still 7,000,000 under the total of 1913.

The same trade for New Zealand, once a very heavy shipper of frozen mutton, was affected by the general scarcity of refrigerated tonnage. The sheep in the Dominion of New Zealand on April 30, 1918, were computed at 26,500,000, an increase of 5 per cent over the previous year; the number of cattle, 2,900,000, an increase of about 325,000 during the year.

The report calls attention also to the fact that French herds and flocks, which were seriously reduced by the German invasion and by the excessive killing during the early parts of the war, are making good progress toward recovery in respect of numbers atthough of course in the matter of weight they are still light owing to the scarcity of feeding stuffs. The report says no fresh enumeration of live stock in the Argentine Republic has been made since 1917, when approximately there were 30,000,000 head of cattle and 55,000,000 sheep. The year, however, was an excellent one for stock, and it is unofficially estimated that there was a net increase of between 6,000,000 and 7,000,000 cattle and about 4,000,000 sheep.

Brazil is estimated to have about 30,000,000 head of cattle. The herds, however, consist largely of calves and young animals, many of which are not yet of suitable weight and quality for export, although there is regularly considerable beef exported from Brazil, both frozen and chilled.

COST OF PRODUCTION IN FOREIGN COUNTRIES.

From the Pan-American Union it is learned that the highest rate of wages on the farms in South America, including all kinds of farm labor, is \$20 a month and board. The rates are given by the Pan American Union on the basis of the pay in the year 1917, or at the height of the high wage rate throughout both North and South America. According to the figures on file at the Pan American Union the rate of wages was as follows:

Brazil, from 50 to 90 cents a day without board. Argentina, from \$10 to \$20 per month and board. Paraguay, about the same rate as Argentina. Uruguay, wages corresponding to those paid in Brazil. Chile, 25 cents a day.

On the best obtainable advice the rate of wages among the sheep and cattle herders in Australia and New Zealand ranges between \$25 and \$50 a month and supplies. In South Africa, which is rapidly becoming a great sheep-producing territory, wages are reported averaging \$7 a month and a few pounds of meal and a few ounces of salt per diem.

The freight rates on frozen beef, mutton, and veal from Australia and New Zealand to the Atlantic ports of the United States range from 14d. to 14d. per pound, or at the current rate of exchange 24 to 3 cents per pound from the sheep and cattle ranges of Australasia to the American Atlantic ports, either around the Horn, by the Suez Canal route, or through the Panama Canal. At the time this is written the Shipping Board reports the current freight rate on frozen meat from Argentina and the River

Plate country as 4 cents per pound. Against these rates the American producer is faced with the following rates:

Rate per 100 lbs. From Omaha to Boston or New York. \$1.34½
From Kansas City to Boston or New York. 1.34½
From Fort Worth to Boston or New York. 1.56½
From Chicago to Boston or New York. 96½

As to the rate of wages, the difference in favor of the American herder is at least 100 per cent as compared with the most favored of the other surplus producing countries. American farm labor wages during the past three years have ranged from \$45 per month and board up as high as \$90 per month and board. From these figures it will easily be understood that the labor cost of production in the United States is at least 100 per cent higher than it is in any one of the other surplus producing countries, either in the Western or the Eastern Hemisphere.

We do not submit here any particular figures with respect to the cost of production in this country, but from the foregoing it will be seen that the wages in the foreign countries mentioned are so much less than the wages paid in the United States, and the labor is performed under such different conditions and circumstances, with a lower overhead cost, that it is impossible to state in figures a reasonable comparison. But it is plain, and not open to the suspicion of doubt, that labor costs several times more in the United States than it does in these foreign countries.

On the subject of the cost of grazing live stock, and feeding and fattening the same for the purpose of slaughter, reliable data are not available. But inquiry of those who have observed it, and of those who are closely connected with the production in these countries, leads to the undeniable conclusion that the cost of grazing, feeding, and fattening of live stock, as it is carried on in those countries, apart from the matter of

labor cost, is very much less than it is in the United States.

The very fact that the American meat packers themselves have established slaughtering plants at the points of export in most of these foreign countries is ample proof that the supply is available at a much lower price. We expect the Tariff Commission to complete a compilation of the data gathered by it before these hearings are concluded. This will be submitted to the committee for its information. We do not care to indulge in the submission of such facts as we have been able to gather, which are of a less specific nature and would only tend to confusion, and, indeed, would he eliminated when the report of the Tariff Commission is submitted. We could refer to examinations which have been made in previous years and reports respecting the cost of grazing and the method and manner of carrying on the business in these surplus producing countries, but the later reports of the Tariff Commission will likewise doubtless be substituted.

One significant commercial fact is important to bear in mind, and that is, if the importations from these foreign countries are permitted to come into the United States and to take the place of our home production and thus produce, as it inevitably will, a lessened home supply year by year while the market for the foreign production continuously grows, as it would, it is certain that the consumer will be supplied only from the hands of the very same packing interests, who are slaughtering in foreign countries, and importing into the United States and who also slaughter in the United States the home production. This would likewise extend to the exportations from foreign producing countries, and from the United States of whatever surplus might

exist to the foreign consuming countries; all handled by the same interests.

Plainly, it is not a case of ordinary sort wherein an import duty is made with respect to an extensive commerce by great numbers of people who may engage in it.

The nature of the business of the slaughtering, refrigeration, and transportation of fresh meats, and indeed canned and cured meats and the by-products, is such that it

is capable of being carried on most economically by concerns prepared to handle it throughout the most extensive world commerce, involving the necessity of large expenditures and a large organization of operatives skilled in the business. These things are mentioned simply to show that the field of this commerce is occupied and that there would be little, if any, invitation to outside undertakings on the part of capital of a competitive nature.

So that this committee is dealing with the import tariffs upon the meat products of a few concerns, concentrating into their hands the surplus meat products of the world.

It follows that the argument is unsound wherein it is contended that the consumer can benefit by the importation into this country, which would mean lessened production here, where home slaughter can be extensively engaged in if the supply is ample. The consumer can not profit by the curtailment of the home supply, and it has been clearly shown that he has not profited by the importation of meats free of

duty. The commercial result of the failure to provide for a duty on imported fresh meats will be to continue the control of the supply of the imports in the hands of those who now control the imports and largely the home production.

It is against the interests of the consuming public of this country to thus curtail the production of meat animals in the United States.

Respectfully submitted.

The American National Live Stock Association; The Cattle Raisers' Association of Texas; The National Wool Growers' Association; The Com Belt Meat Producers' Association of Iowa; The Kansas Live Stock Association; The Colorado Cattle and Horse Growers' Association and All Other Live Stock Producing Interests; S. H. Cowan, Fort Worth, Tex.; A. W. Rucker, Denver, Colo.

Mr. Cowan. I have a statement of Col. Ike T. Pryor, which has been given wide circulation in the press. He is a man of very great experience, vice president of the Southern Tariff Association, and has been president of the American Live Stock Association and many other organizations, is well known throughout the United States, and I think it is valuable. It consists of but three or four pages on the subject of the cost and the tariff.

The CHAIRMAN. It will be printed.

(The statement of Mr. Pryor submitted by Mr. Cowan is here printed in full, as follows:)

STATEMENT BY IKE T. PRYOR, OF SAN ANTONIO, TEX., REPRESENTING AMERICAN NATIONAL STOCK ASSOCIATION AND THE TEXAS SOUTHWESTERN CATTLE RAISERS Association; Vice President Southern Tariff Association.

There are two great internal questions before the people of the United States to-day, tariff and revenue. They are very closely allied. It is hard to discuss one without the other. Some claim the tariff to be a local issue, others claim it to be a political issue, while some will say it is an economic issue. Call it what you will, it is a big question, and is going to take big-brained and broad-minded men to handle it.

The tariff affords a degree of protection and at the same time produces a revenue, thus reducing our tax burden just that much; and the less taxes we pay the more cash

we can lay aside for a rainy day.

COST OF PRODUCTION.

We talk about a tariff of at least sufficient amount to equalize the cost of production here and abroad. Who knows or can find out the exact cost of production? Take the cattle business, for example. It costs less to produce a beef in south Texas ready for slaughter than it does in north Texas. It costs less to produce a beef in Texas than in Nebraska; and less in Kansas than in Illinois. One year it can and does often cost 25 to 50 per cent more to care for an animal than the previous year or the year following; hence, the cost of production will vary all over the United States, according to local conditions, etc.

We should place a tariff sufficiently high on live stock and the products of live stock to cover the cost of production compared to that of foreign countries, plus a

reasonable profit and at the same time not so high as to create a monopoly

We should not ask for favors in any form but to oppose favoritism in all its forms. It is asking no favor to put us on an equal footing with foreign importers, and when we don't receive that consideration from Congress then the favor is extended the foreign producer of raw material and not the home producer, which is absolutely

To better understand the importance of protecting our live-stock producers by a

proper tariff, the following statistics should be studied carefully:

Population, and number	of	cattle	and	sheen.	
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,	Population.	Cattle, prewar period.	Cattle, recent esti- mates.	Sheep and lambs, pre- war period.	Sheep and lambs, after- war period.
Argentina.	8, 284, 000	25, 967, 000	35, 000, 000	81, 485, 000	83,000,000
Uruguay.	1, 379, 600	8, 193, 000	7, 802, 000	26, 286, 000	11,473,000
Brazil	26, 542, 000	30, 705, 000	37, 500, 000	10, 653, 000	7,000,000
Australia.	4, 971, 000	11, 745, 000	11, 040, 000	92, 047, 000	91,676,000
Total. United States	41, 176, 000	76, 510, 000	1 91, 342, 000	210, 471, 000	* 193, 149, 000
	106, 653, 000	61, 804, 000	2 67, 966, 000	52, 448, 000	* 49, 863, 000

¹ Increase, 19 per cent. ¹ Increase, 9 per cent.

more than half a beef and less than half a mutton per capita. The great markets of this country are in large cities, most of which can be reached by water transportation. In other words, at least one-third of American people to-day can be reached from foreign countries by water transportation, and when the great canal is built, which will connect the Lakes with the Atlantic Ocean, thus permitting ocean-going ships to reach Chicago, one-half of the American people can be fed by water transportation from foreign countries.

From the Pan American Union statistics it develops that farm laborers in Argentina receive \$10 to \$20 per month and board, so it is plain that, with our farm labor being paid from \$45 to \$90 per month and board, our labor cost of producing meat is more

than four times as great as Argentina.

It should also be considered that these competitive countries still have enormous tracts of free range, and the cost of raising cattle is much less than here. Land values and pasture charges are much lower there than in this country and there is hardly an item of expense incident to the live-stock business that is not very much less in

competitive countries than here.

Live-stock receipts at market centers declined more than 10 per cent in 1920 as compared to 1919. On such a decline in receipts why didn't cattle, hogs, and sheep increase in price? The answer is, imports of meats free of duty in various forms took up the slack and prevented the advance; on the contrary, pressed the market downward. Cattle led in the decline of agricultural products in 1920 and the price has been on the toboggan ever since. Each month live stock has dropped a little lower than the previous month until now \$8 per hundred live weight looks as good to is as did \$15 per hundredweight in the spring of 1919; thus decline in price carried with it little or no benefit to the consumer, as the producer does not fix the price to the consumer of this commodity.

Out of \$4,000,000,000 estimated necessary to run this Government for one year only 15 per cent of this vast sum is collected at the customhouses on import duties; the balance, or 85 per cent, is from internal revenue. This is the result of the workings of the Underwood bill. Under the Payne-Aldrich bill 65 per cent of all the revenue because to true this Government was collected at the customhouses on import taxes, balance of 35 per cent was collected from some internal source, a great deal of which was from whisky and tobacco tax; however, it required only about \$1,000,000,000 in those days to run the Government, as against \$4,000,000,000 to-day.

MUTTON AND LAMB IMPORTS.

During the 12 months ending June 30, 1920, there were imported free of duty 16,358,299 pounds of mutton and lambs, and during the succeeding four months the imports of mutton and lambs free of duty amounted to 64,623,777 pounds; total, 80,982,076 pounds.

During the last four months of this period there were practically four times as much

of these imports as in previous 12 months.

Putting the average mutton carcass at 40 pounds, it means there were the equivalent of more than 2,000,000 sheep brought into this country free of duty during said 16-months period, and of this number three-fourths, or 1,600,000 head, arrived during the short period of the last four months, including February.

Decrease, 8 per cent.
 Decrease, 4 per cent.

The four competitive countries first mentioned are known to consume less meat per capita than our people and their population is less than 40 per cent of that of the United States, yet they raise nearly 40 per cent more beef and four times as much mutton as we do, and consequently export the bulk of their meat.

Argentina has more than 4 cattle and 10 sheep per capita, while we have but little

BEEF AND VEAL IMPORTS.

More than 100,000 carcasses of beef and veal were also imported into this country free of duty in the last 16 months, making a total of over 3,000 carloads of cattle and about 10,000 carloads of mutton and lambs. This vast amount of meat was brought into this country in ships which entered our harbors without the expenditure of one single dollar in this country before it reached our large consuming centers. When sold at least 95 per cent of the proceeds were returned to some foreign country, practically little or no benefit to our commerce in any way. This is the direct result of no duty.

What if this 3,000 cars of cattle and 10,000 cars of mutton and lambs had been marketed from our farms and ranches in this country? Our railroads would have received freight on 13,000 cars of cattle and sheep. The charges for switching and received freight on 13,000 cars of cattle and sheep. bedding the cars, feed, yardage, attendance, war tax, also a commission charge would have been distributed among the various interests named, and finally, and most important, the net proceeds would have been deposited in our home banks or applied on some hard-pressed cattle or sheep man's paper. This would be the result of a protective duty on imports. Which do you want and which will do the most general good? It does not take a Solomon to answer the question.

Had it not been for the World War the Underwood bill would have wrought destruction.

tion to agriculture, also brought grief to the Democratic Party. Immediately after this Underwood bill was passed dressed or frozen beef and mutton began to be diverted from Europe to this country in large and increasing quantities. Only the war and the great demand for meat in the war zone gave us temporary relief from the imports from South America. Shortly after the armistice was signed these great foreign ocean-going vessels began loading not only meats but other agricultural products in great and increasing amounts. On January 5 of this year two ships reached the United States loaded with 270,262 carcasses of mutton, and three other foreign ships were en route to this country loaded with mutton. Five ships in one month containing about 675,655 carcasses, or 34,687,580 pounds, of meat coming in free of duty is a staggering blow to the meat producers of the United States.

NO MILLIONAIRE FARMER.

We have in the United States 20,000 millionaires, judging from the income-tax records. This estimate is based on the assumption that each individual who pays taxes on an income of \$50,000 or more is the owner of a million-dollar estate, and it is

very probable this estimate is a conservative one.

More than 6,000 of these millionaires live in New York State and probably 90 per cent of the others live north of the Mason and Dixon line and east of the Mississippi River. How many of these men made their millions in farming? Who ever heard of an honest-to-God millionaire farmer? How did most of these millionaires make their money? The answer is, in the manufacturing business. Who furnished the raw material for their plants? The live-stock raiser furnishes the cattle, sheep, and hogs from which they produce beef, mutton, and pork to feed the world; they furnish the hides and wool, which the manufacturer converts into leather and cloth to shoe and clothe the world.

The farmer furnished the cotton from which the manufacturer creates cloth to make clothing for the people; they also furnish the grain from which to create flour, meal,

and cereals to feed the people.

Here is exhibited a community of interests, one absolutely dependent on the other, which should be a 50-50 proposition instead of—well, I can't even guess what per cent the farmer and ranchman receive for their so-called raw material as compared with what the manufacturers receive for the finished product.

Fortunately our worthy President, Mr. Warren G. Harding, in his inaugural address

said:

"Tariff must be adjusted to protect American industry, with its higher production

costs, against people who are seeking trade expansion."

In so expressing himself President Harding meant by the expression, "American industry," not only manufactured products but everything produced by industry, so it is up to us to so impress upon our Congressmen the needs of our farmers and stockmen that we, too, will receive proper consideration in the remodeling of our tariff. The manufacturers are highly organized and you may depend upon it they will, through combined efforts, obtain all possible tariff protection.

Every stockman and farmer in the South should take a keen interest in the tariff question and become active members of live-stock or agriculture associations. You should also actively assist the managers of your associations by urging your Congress-

men to take an active interest in legislation affecting your products.

President Harding is in sympathy with us; so I repeat, get after your Congressman and see that all possible facts and figures are available for him to show other Congressmen the importance of protecting the American farmer and stockman, especially of the South, whom you should represent, to the greatest possible degree.

Mr. Cowan. I have some memoranda made in connection with importations of hides, taken from the census, that I should like to have printed as a part of my original remarks, not as an appendix.

The CHAIRMAN. Hand them to the stenographer, and they will be

printed in that manner.

(The memorandum referred to was subsequently submitted by Mr. Cowan, and is here printed in full, as follows:)

In the foregoing argument mention was made at different places of statistical data to be submitted herewith as a part of my statement. I therefore submit the following:

First. A statement issued by the Bureau of the Census under date of June 8, 1921, relative to the slaughtering and meat-packing industry for the year 1919, as compared with the year 1914, as follows:

A preliminary statement of the 1920 census of manufactures has been pre-

pared by the Bureau of the Census, Department of Commerce, furnishing statistics concerning the slaughtering and meat-packing industry for the year 1919. It consists of a statement of the number and cost of animals slaughtered, and the quantities and values of the principal products manufactured during the year 1919.

The figures are compiled from 1,305 establishments with products for the year valued at \$4,246,290,000. The total cost of raw materials, principally live stock, was \$3,774,901,000, or 88.8 per cent of the total value of products.

The statistics for 1919 and 1914 are summarized in the following table.

Those for 1919 are preliminary and subject to such change and correction as may be necessary from further examination of the original reports.

Slaughtering and meat packing, wholesale—Census Bureau's summary for the industry-1919 and 1914.

	1919	1914
MATERIALS.		_
Total cost	\$3,774,901,000	\$1,441,663,000
	\$3,055,495,000	\$1,199,642,000
Beeves— Number Cost.	10,818,000 \$1,055,319,000	7,149,000 \$490,108,000
Calves— Number Cost.	4,395,000 \$95,720,000	2,019,000 \$27,623,000
Sheep, lambs, goats, and kids— Number Cost	13,523,000 \$146,965,000	15, 952, 000 \$84, 813, 000
Hogs— Number Cost. All other materials, cost.	44,519,000 \$1,757,491,000 \$719,406,000	34,442,000 \$597,098,000 \$242,021,000
PRODUCTS.	\$719, 100, 000	422,021,000
Total value	\$4,246,290,000	\$1,651,965,000
Fresh meat: Beef—		
Pounds	4,932,284,000 \$846,806,000	3,658,334,000 \$421,297,000
PoundsValue	422,928,000 \$83,884,000	194,699,000 \$26,299,000
Mutton, lamb, goat and kid— Pounds. Value	501,201,000 \$120,451,000	629, 233, 000 \$74, 676, 000

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Slaughtering and meat packing, wholesale, etc.—Continued.

	1919	1914
PRODUCTS—continued.		
Fresh meat—Continued.		
PoundsValue	2,112,243,000 \$532,075,000	1, 877, 099, 00 \$226, 535, 00
Edible offal and all other fresh meat— Pounds. Value	516,983,000 \$59,832,000	296,667,0 \$20,576,0
Cured meat: Beef, pickled and other cured—	(00,000,000	
PoundsValue	129,960,000 \$28,360,000	91,572,0 \$14,395,0
Pork, pickled and other cured— Pounds. Value	4,145,232,000 \$1,217,420,000	2,929,310,00 \$393,605,00
Canned goods: Pounds. Value	305, 943, 000 \$96, 904, 000	160,799,00 \$26,418,00
Sausage:		, ,
Pounds. Value. All other—	161,002,000 \$27,985,000	74,004,0 0 \$9, 845,00
PoundsValue	629, 701, 000 \$145, 601, 000	435,147,00 \$58,350,00
Lerd: PoundsValue	1,372,550,000 \$415,817,000	1, 119, 189,00 \$120, 414,00
Value. Lard compounds and substitutes: Pounds	521, 122,000	396,398,00
Value Dleo oil: Gallons.	\$123,724,000 20,339,000	\$33,037,00 16,502,00
Value Other oils: Gallons.	\$30,953,000 6,721,000	\$11,926,0 6,715,0
Value	\$9, 153, 000	\$4,010,00
Pounds. Value. Dieomargarine:	242, 084, 000 \$36, 536, 000	209, 614, 00 \$13, 733, 00
PoundsValue	123, 639, 000 \$36, 778, 000	60, 388, 00 \$8, 819, 00
Hides and pelts: Cattle hides— Number	10, 818, 000	7, 159, 00
ValueCalf—	\$185,020,000	\$69 , 959, 00
Number Value Sheep, lamb, goat, and kid—	3, 353, 000 \$24 , 797, 000	1,464,00 \$ 3,513,00
NumberValue	12, 244, 000 \$33, 780, 000	15, 917, 00 \$1 3, 624, 00
Fertilizers and fertilizer material: Tons. Value.	391,000	294,00
Value	\$18,315,000 \$172,099,000	\$8,737,00 \$92,197,00

i Includes value of ammonia, butter, butter reworked, condensed milk, glue, glycerine, hog hair, ice, sausage casings, scrapple, soap, wool, etc., and amount received for slaughtering and refrigeration for others.

Second. Tables from reports issued by the Foreign and Domestic Commerce showing the imports and exports of meats for the years 1910 to 1921, as follows:

Merchandise imported—Quantities and values, by articles.

		Calenda	ır years.	
Article.	1914	1915	1916	1917
Meat and dairy products: Meat products— Meats, fresh— Beef and veal	254, 319, 200 22, 758, 994 19, 875, 942 1, 824, 168 18, 952, 005 2, 342, 271	118, 589, 580 11, 125, 444 11, 879, 353 1, 109, 156 3, 498, 294 370, 553	39, 772, 414 3, 988, 944 17, 235, 208 1, 526, 688 954, 561 96, 997	22, 072, 147 3, 088, 765 5, 623, 905 685, 401 2, 580, 340 553, 812
Total fresh meats $\begin{cases} pounds \\ dollars \end{cases}$	293, 147, 147 26, 925, 433	133, 967, 227 12, 605, 153	57, 962, 183 5, 611, 574	30, 276, 390 4, 327, 972
	Calenda	ar year.	Fiscal year ending June—	
Article.	1010	1010	1920	1921
	1918	1919	1920	1921
Meat and dairy products: Meat products— Meats, fresh— Beef and veal	23, 339, 081 4, 159, 186 607, 896 134, 290 1, 721, 979 376, 604	38, 461, 758 6, 408, 081 8, 209, 182 1, 547, 338 2, 779, 361 601, 051	42, 436, 333 6, 962, 894 16, 358, 299 2, 519, 355 2, 132, 444 464, 838 60, 927, 576	40, 319, 24 6, 045, 31 108, 528, 21 12, 843, 67 1, 212, 49 336, 41

Domestic merchandise exported: Quantities and values by articles.

			Calenda	r years.		
Article.	1910	1911	1912	1913	1914	1915
Meat products: Beef products—	11,503,037	11, 248, 543	8, 439, 735	4, 163, 095	30, 734, 748	69, 999, 82
dolls.	1, 330, 048 55, 538, 924	1,311,234	1, 040, 891 9, 025, 552	539, 889 6, 850, 123	4,897,079	11, 014, 980 262, 813, 397
Beer, Iresn dolls	5, 911, 108		1, 053, 777	817, 847	3, 899, 070	33, 606, 46
Beef, pickled, lbsdollsdolls	35, 335, 923 3, 071, 975	42, 304, 538 3, 181, 044	28, 709, 513 2, 437, 460	25, 180, 539 2, 507, 541	23, 779, 449 2, 371, 563	42, 746, 813 4, 597, 286
Bacon	128, 269, 744 17, 880, 082		192, 021, 658 23, 483, 949	212, 796, 618 27, 983, 536		524, 138, 244 69, 823, 963
Hams and lbs shoulders, dolls		23, 337, 395	176, 058, 810 22, 235, 899	171, 671, 407 24, 177, 782	142, 398, 301 20, 797, 130	266, 442, 819 37, 348, 593
Lard	368, 831, 681 45, 935, 897		495, 092, 561 52, 201, 560	536, 179, 645 60, 664, 940	438, 015, 898 48, 610, 269	451, 286, 430 48, 342, 004
Pork-				0 051 101	0 700 412	= 000 04
Canned dolls	3,715,803 428,396	596, 379	5, 185, 411 635, 570	3, 651, 101 545, 368	2, 788, 415 450, 724	7, 928, 944 1, 312, 558
Fresh{lbs dolls	927, 229 120, 523	2, 231, 661 256, 096	2, 607, 659 310, 558	3, 182, 678 407, 283	1, 250, 977 178, 099	24, 230, 180 2, 879, 833
$Pickled$ $\begin{cases} lbs \\ dolls \end{cases}$	41, 488, 829 4, 806, 246	51, 029, 350 4, 875, 795	54, 372, 819 5, 468, 207	53, 984, 973 5, 866, 901	37,006,108 4,001,586	59, 047, 897 6, 026, 008
Lard compounds and other substitutes for lard.	71, 993, 638 7, 258, 758	69, 484, 042 6, 022, 309	73, 724, 170 6, 397, 205	63, 699, 754 5, 769, 314	63, 355, 911 5, 668, 980	63, 869, 98 5, 519, 23
Mutton (except flbs dolls	1,997,099 220,104	2, 573, 653 246, 22 1	5, 076, 168 523, 655	4, 789, 431 547, 893	3, 847, 093 436, 069	4, 230, 92, 500, 11

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Domestic merchandise exported: Quantities and values by articles—Continued.

Article.		Calenda	r years.		Fiscal ye	
\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	1916	1917	1918	1919	1920	1921
Meat products: Beef products—						
Beef, canned{lbs dolls	54,026,922 11,911,790	18, 258, 522	51, 498, 010	20, 672, 964	31, 133, 918 9, 364, 410	2, 521, 873
Beef, fresh $\begin{cases} lbs \\ dolls \end{cases}$	181, 976, 831 22, 316, 803	216, 419, 599 31, 427, 132	514, 341, 529 109, 605, 363		153, 560, 647 32, 566, 746	21, 084, 203 3, 704, 590
Beef, pickled, lbs and other dolls	36, 682, 614 3, 942, 826	67, 810, 990	44, 206, 020	42, 804, 724	32, 383, 501 5, 880, 766	23, 312, 856 2, 998, 514
Hog products—						
Bacon	592, 851, 157 87, 113, 549			1,190,297,494 373,913,227	803, 666, 851 233, 327, 856	489, 298, 109 103, 114, 918
Hams and lbs shoulders, dolls	287, 161, 195 45, 340, 015				275, 455, 931 82, 633, 460	172, 011, 676 40, 088, 562
Lard	426, 659, 599 56, 039, 641				587, 224, 549 171, 523, 351	746, 157, 356 131, 329, 199
Pork-				,		
$Canned$ $\begin{cases} lbs \\ dolls \end{cases}$	7, 263, 012 1, 559, 799	5, 377, 226 1, 731, 531	5, 267, 342 1, 776, 392	2, 422, 364	3, 261, 967 1, 480, 364	1, 118, 967 449, 816
$Fresh$ $\begin{cases} lbs \\ dolls \end{cases}$	55, 112, 043 6, 950, 706	49, 372, 780 9, 899, 883	11,632,635 2,907,894	8,347,557	7,327,511	57, 043, 446 11, 128, 444
$\mathbf{Pickled} \dots \begin{cases} \mathbf{lbs} \dots \\ \mathbf{dolls} \dots \end{cases}$	54, 975, 221 6, 556, 925	39, 294, 011 7, 088, 935	36, 671, 660 8, 535, 017	34, 113, 875	41,643,119	33, 286, 062 5, 380, 796
Lard compounds and other substitutes for lard.	49, 821, 709 5, 930, 841		43, 977, 410	124, 962, 950	44, 195, 842	42, 155, 971 6, 099, 914
Mutton (except flbs dolls	5, 257, 883 697, 847	2, 862, 175 514, 855			3, 958, 131 815, 452	6, 624, 522 1, 291, 325

The imports and exports of beef and mutton for the fiscal year 1921 were as follows: Imports 148,847,454 pounds; exports 55,182,365 pounds. It will therefore be seen that the imports exceeded the exports by 93,665,089 pounds. Third. Tables from the reports of the Bureau of Foreign and Domestic Commerce showing the imports and exports of cattle, hogs, and sheep for the years

1910 to 1921, as follows:

Domestic merchandise exported—Quantities and values, by articles.

A			Calenda	r years.			
Article.	1910	1911	1912	1913	1914	1915	
Animals:							
$\begin{array}{ll} \text{Cattle} & & \text{No} \\ \text{dolls} \end{array}$	109,629 9,464,580	164, 087 14, 110, 081	46, 463 3, 623, 043	26, 236 851, 060	8,694 515,046	16,256 2,523,689	
Hogs\n\dolls	4,019 46,387	13, 246 107, 676	17,478 144,143	12,118 133,962	12,399 157,421	7, 261 85, 133	
Sheep	52, 638 203, 796	177, 069 853, 300	191, 963 636, 856	170, 411 595, 324	78, 277 317, 939	40,501 171,361	
All other (including fowls, dolls	236, 336	274, 944	378, 339	475, 411	292, 034	208, 182	
Totaldolls	15, 292, 411	20, 389, 993	9, 449, 078	7,071,055	20, 419, 257	121,641,460	
	Calendar years. Fiscal year ending June-						
Article.	1916	1917	1918	1919	1920	1921	
Animals:							
Cattle $\begin{cases} No \\ dolls \end{cases}$	12, 171 658, 934	20,009 1,291,714	17,280 1,082,758	69,859 6,439,521 24,745	83,039 11,921,518	145,673 10,950,507	
Hogs	28, 301 339, 747	15,588 276,451	10,308 333,729	683,911	38,107 982,120	103, 414 2, 216, 500	
Sheep	55, 059 268, 538	30, 359 278, 759	7, 962 120, 882	34, 531 369, 974	56, 155 711, 549	80,723 532,510	
All other (including fowls), dolls	396, 516	383, 903	288, 645	464,702	575,056	931, 229	

No. 287.—Merchandise imported: Quantities and values, by articles.

	Calendar years.								
Article.	1910	1911	1912	1913	1914	1915			
Animak: Cattle	211, 230 3, 261, 023 56, 201 408, 976	252, 423 3, 915, 888 23, 063 153, 459	325, 717 5, 296, 296 15, 342 89, 288	736, 937 14, 692, 916 115, 688 312, 265	7 727, 891 19, 650, 903 199, 995 657, 388 Fiscal ye June	552, 489 18, 627, 368 276, 521 984, 312			
Article.	Calendar years. Fiscal year ending June—								
	1916	1917	1918	1919	Jun	1921			
Animals: Cattle	295, 647 10, 603, 697 125, 722 668, 658 2, 402	347, 510 18, 245, 973 202, 861 2, 014, 169 16, 236	352, 601 25, 518, 585 150, 203 1, 653, 717 7, 467	642, 395 53, 296, 078 22, 774 2, 473, 386 20, 657	575, 328 45, 081, 179 199, 549 2, 279, 949 3, 662	326, 214 23, 589, 124 161, 292 1, 541, 793 1, 161			

We have included in the foregoing tables live stock and meats only. Figures are readily obtainable with respect to all the different classes of products, but it is not deemed necessary or desirable to present them here.

It will be observed that there was nearly a 100 per cent increase in the importations of cattle for the years 1913 and 1914 over the year 1912, and a large increase in 1912 over 1911, and in 1911 over 1910. The peak was reached in 1913 when 736,937 head were imported, falling to 552,489 head in 1915, and again reaching the high mark of 642,395 in the year 1919.

The exports for the same periods show a very small and generally insignificant number, the highest number being 164,087 head for the year 1911. The low mark was 8,694 head in the year 1914. In 1919 the number increased to 69,859.

For the year 1921 the imports of cattle were 326,214 head, and the exports 145,673 head, so that the imports exceeded the exports by 180,541 head.

Fourth, Tables from the reports of the Bureau of Foreign and Domestic Commerce showing the imports and exports of calf and cattle hides for the year 1910 to 1921, as follows:

No. 284.—Domestic merchandise exported: Quantities and values, by articles.

		Years ended June 30—						
Article.	1912	1913	1914	1915	1916			
Hides and skins, except fur skins, raw uncured: Calf	548, 242 99, 592 17, 445, 209	903, 922 155, 499 17, 971, 809 2, 589, 603	323, 417 69, 515 12, 524, 901 1, 933, 705	1, 074, 529 248, 547 21, 135, 730 4, 013, 172	1, 574, 369 469, 637 13, 284, 190 2, 938, 925			
	Years ende	d June 30—	Fiscal y	rear ended Ju	ne 30—			
Article.	1917	1918	1919	1920	1921			
Hides and skins, except fur skins, raw uncured:								
Calf	549,459 7,365,461	3, 458, 001 1, 462, 456 7, 023, 761 1, 953, 700	2,778,393 1,597,141 10,189,293 3,236,418	2, 875, 600 2, 282, 464 16, 433, 766 6, 476, 671	3, 148, 310 69, 023 8, 802, 594 1, 251, 451			

No. 287.—Merchandise imported: Quantities and values, by articles.

	Calendar years.								
Article.	1910	1911	1912	1913	1914	1915			
Caliskins fibe dolls. Cattle hides fibedolls.	53, 157, 553 11, 814, 440 221, 969, 098 32, 925, 374	21, 227, 102	114, 859, 364 31, 033, 634 303, 530, 775 49, 178, 526	76, 468, 995 21, 243, 369 223, 549, 752 40, 844, 504	66, 915, 534 16, 373, 257 306, 050, 216 55, 931, 415	48, 914,776 11,334,162 408,632,111 78,137,660			
Article.		Calendar years. Fiscal year ending							
11000	1916	1917	1918	1919	1920	1921			
Calfskins flbs dolls Cattle hides flbs dolls		29, 585, 605 11, 511, 555 370, 684, 826 102, 357, 052	7, 582, 723 2, 953, 959 221, 051, 070 52, 029, 641	64, 555, 521 33, 653, 139 407, 282, 271 125, 590, 047	68, 359, 825 38, 065, 552 439, 461, 094 151, 218, 395	35, 589, 617 10, 547, 818 198, 573, 338 39, 866, 631			

Wherever values have been left in the tables, it has been done only as a matter of convenient information. In the case of meats and other products it is, of course, well understood that conditions during the war and even up to this period have been too abnormal to make the value figures adaptable for the purpose of drawing deductions which are reliable.

Also the quantities of exports during the same period, which were affected by the war, can not be used for the purpose of drawing deductions as to what may be expected in the future. It is for that reason that we have presented the figures for the years before the war and brought them down to date.

Fifth. A statement compiled by Mr. John Roberts, of the Bureau of Animal Industry of the Department of Agriculture, concerning meat production, consumption, and foreign trade in the United States, 1907–1920, as follows:

MEAT PRODUCTION, CONSUMPTION, AND FOREIGN TRADE IN UNITED STATES, 1907-1920.

The accompanying tables show the trend for the last 14 years of the production, exports, imports, and consumption of each of the various kinds of meat in the United States. The data are based on two kinds of slaughter reports, (1) the complete slaughter in the United States taken by the census for 1909, and (2) the Federally-inspected slaughter, the details of which are published annually by the Bureau of Animal Industry. The combination of these reports affords a means of estimating the total slaughter from year to year. These estimates can not be made earlier than 1907, as that was the first year the Federal inspection was in operation on its present scale. Hence the tables begin with that year.

The slaughter reports referred to give results only in numbers slaughtered of each kind of animals. Average dressing percentages and average carcass weights are provided in order to convert the live animals into meat equivalents. An annual determination of these factors is necessary, because in some cases, especially with cattle and swine, the average carcass weights vary considerably from one year to the next.

The data throughout are computed from a dressed-weight basis. The edible offal (liver, pluck, etc.) is not included in the dressed weights and so is disregarded. In the aggregate it represents a large quantity of edible material, but it is more than offset by the bones and waste trimmings of the dressed carcasses. The figures in the tables, therefore, represent approximately actual meat. Lard is estimated separately from the dressed weights of swine.

The foreign-trade figures in the tables are taken from the December report of the Department of Commerce, which gives the calendar-year totals.

Note.—Slight changes have been made in the per capita consumption figures published previously for the years 1914 to 1919, inclusive. These changes have been caused by the corrections in the census-population figures following the taking of the 1920 census.

Number of animals slaughtered annually under Federal inspection, and estimated number slaughtered otherwise (including farm) in United States.

		`			
Calendar year.	Cattle.	Calves.	Sheep and lambs.	Goats.	Swine.
1907—Federally inspectedOther	7, 633, 365 5, 836, 500	2, 024, 387 4, 002, 400	10, 252, 070 3, 048, 500	56, 750 104, 300	32, 885, 377 22, 852, 500
Total	13, 469, 900	6, 026, 800	13, 300, 600	161,000	55, 737, 900
1908—Federally inspectedOther	7, 279, 260 5, 565, 700	1, 958, 273 3, 871, 600	10, 304, 666 3, 064, 100	42, 981 78, 900	38, 643, 101 26, 853, 700
Total	12, 845, 000	5, 829, 900	13, 368, 800	121,900	65, 496, 800
1909—Federally inspectedOther	7,713,807 5,897,615	2, 189, 017 4, 326, 959	11, 350, 349 3, 374, 350	100, 659 184, 894	31, 394, 896 21, 824, 672
Total	13,611,422	6, 515, 976	14, 724, 699	285, 563	53, 219, 568
1910—Federally inspectedOther	7, 807, 600 5, 733, 000	2, 238, 587 4, 314, 000	11, 408, 020 3, 392, 200	100, 379 184, 400	26, 003, 463 18, 070, 000
Total	13, 540, 600	6, 552, 600	14, 800, 200	284, 800	44, 073, 500
1911—Federally inspectedOther	7,619,096 5,339,000	2, 183, 533 4, 081, 000	14,020,446 4,169,100	38, 891 71, 400	34, 232, 955 23, 789, 000
Total	12, 958, 100	6, 264, 500	18, 189, 500	110,300	58, 022, 000
1912—Federally inspectedOther	7, 252, 378 4, 726, 600	2,277,946 4,070,100	14, 979, 265 4, 454, 100	72, 894 133, 900	33, 052, 727 22, 969, 300
Total	11,979,000	6, 348, 000	19, 433, 400	206, 800	56, 022, 000
1913—Federally inspected	6, 978, 361 4, 499, 200	1,902,414 3,382,100	14, 405, 759 4, 283, 600	75, 655 138, 900	34, 198, 585 23, 774, 900
Total	11, 477, 600	5, 284, 500	18, 689, 400	214,600	57, 973, 500
1914—Federally inspectedOther	6, 756, 737 4, 247, 800	1,696,962 2,964,400	14, 229, 343 4, 231, 200	175, 906 323, 100	32, 531, 840 22, 516, 300
Total	11,004,500	4,661,400	18, 460, 500	499,000	55, 148, 100
1915—Federally inspectedOther	7, 153, 395 3, 668, 700	1,818,702 2,820,800	12, 211, 765 3, 631, 200	153, 346 281, 700	38, 381, 228 26, 682, 800
Total	10, 822, 100	4, 639, 500	15, 843, 000	435,000	65, 064, 000
1916—Federally inspectedOther	8, 310, 458 3, 716, 200	2, 367, 303 3, 406, 600	11, 941, 366 3, 550, 800	198, 909 365, 400	43, 083, 703 29, 951, 900
Total	12, 026, 700	5, 773, 900	15, 492, 200	564, 300	73, 035, 600
1917—Federally inspectedOther	10, 350, 052 3, 373, 800	3, 142, 721 3, 888, 000	9, 344, 994 2, 778, 800	165, 660 304, 300	33, 909, 704 23, 574, 100
Total	13, 723, 900	7, 030, 700	12, 123, 800	470,000	57, 483, 800
1918—Federally inspectedOther	11, 828, 549 3, 921, 900	3, 456, 393 4, 310, 800	10, 319, 877 3, 065, 200	137, 725 252, 400	41, 214, 250 28, 640, 400
Total	15, 750, 400	7,767,200	13, 385, 100	390, 100	69, 854, 700
1919—Federally inspectedOther	10, 089, 984 3, 545, 100	3, 969, 019 5, 072, 000	12, 691, 117 3, 769, 500	87, 380 160, 100	41, 811, 830 29, 055, 700
Total	13, 635, 100	9,041,000	16, 460, 600	247, 500	70, 867, 500
1920—Federally inspected Other	8,608,691 3,567,400	4, 058, 370 5, 604, 400	10, 982, 180 3, 265, 600	42, 477 78, 000	38, 018, 604 26, 430, 700
Total	12, 176, 400	9, 662, 800	14, 247, 800	120, 500	64, 449, 400

A few horses are slaughtered under the Federal inspection, and probably more otherwise, the flesh being mostly used to feed wild animals in zoological gardens, menageries, etc. The Federal inspection of horses commenced in September, 1919, and 433 were slaughtered up to the end of the year. During 1920 the number slaughtered was 894. A large proportion of the inspected horseflesh is exported.

Estimated annual production, exports, imports, and consumption of beef in United States.

	Slaughter.					Consumption.	
Calendar year.	Total.	Feder- ally in- spected.	Other.	Exports.	Imports (less re- exports).	Million pounds. 6, 968 6, 448 6, 908 7, 313 6, 944	Per capita.
1907. 1908. 1909. 1910. 1911. 1912. 1913. 1914. 1915. 1916. 1917. 1918. 1919. 1919.	6, 676 7, 071 7, 323 7, 036 6, 509 5, 913 5, 639 5, 816 6, 118	Million pounds. 4, 336 3, 955 4, 199 4, 240 4, 137 3, 938 3, 595 3, 601 3, 979 4, 362 5, 169 5, 885 4, 993 4, 451	Million pounds. 2, 984 2, 721 2, 882 3, 083 2, 899 2, 571 2, 318 2, 038 1, 837 1, 756 1, 517 1, 758 1, 660	Million pounds. 352 228 163 110 92 56 47 95 399 287 376 728 314 164	Million pounds. 38 265 110 20 29 112 43 53	pounds. 6, 968 6, 448 6, 908 7, 313	Pounds. 79.7 72.4 76.2 78.1 73.9 67.5 60.5 60.0 65.4

The trend of beef production, which was especially high in 1907 and 1910, declined steadily from the last-named year until the advent of the World War. The war production culminated in 1918 with the largest total on record. The effort, however, to some extent depleted the resources of the producers, and with other cause brought about a reaction during 1919 and 1920.

Exports of beef at one time formed a large and important branch of our foreign trade but by 1913 they had largely disappeared and foreign beef began to come in. The exports were large from 1915 to 1918 solely because of the war needs and have since fallen away very noticeably

war needs and have since fallen away very noticeably.

Imports of meat previous to 1913 were so small that they were not enumerated separately in the commerce reports. Imports of beef in 1914, however, were quite considerable. At this period the sources of cheap beef in the Southern Hemisphere, especially Argentina, had developed enormously and they had in fact, supplanted the United States in the overseas trade with Europe.

Consumption of beef, as seen in the table, was at the lowest point in 1915, shortly after the advent of the World War. Restricted supply and high prices brought the next lowest consumption per head in 1920.

Estimated annual production, exports, and consumption of veal in United States.

	'	Slaughter.	Consumption.			
Calendar year.	Total.	Federally inspected.	Other.	Total.	Per capita.	
	Million pounds.	Million pounds.	Million pounds.	Million pounds.	Pounds.	
1907		210	416	626	7.1	
1908	605	203	402	605	6.8	
1909	- 684	230	454	684.	2.5	
1910	687	235	452	687	7.4	
1911	657	229	428	657	7.0	
1912	668	239	429	668	7.0	
1913	488	176	312	488	5.0	
1914	433	158	275	433	4.4	
1915	428	168	260	428	4.3 5.3	
1916	536	220	316 366	536 662	5. 5 6. 5	
1917	662 726	296 323	403	726	7.0	
1918	720 851	373	403 478	851	8.1	
1919	909	382	527	909	8.5	
		<u> </u>				

Veal production as a rule follows that of beef. The unusually large slaughter in the last two years, however, contrasts rather curiously with the considerable decline in cattle slaughter in the same period. It is accounted for partly by the droughty conditions in the West, which induced heavy marketings of young stock during 1919, and the relatively higher prices for calf products in 1920.

Country slaughter of veal is proportionately much larger than for any other class of animals. The federally inspected slaughter of calves in 1909 was about one-third of the total slaughter; and although it is increasing, it is estimated to be still well below one-half of the total.

The consumption of veal corresponds to the production, as there are no imports or exports recorded. The per capita consumption for the whole period has averaged close to 7 pounds per annum. It was lowest in 1915 (4.8 pounds) and highest in 1920 (8.5 pounds).

Estimated annual production, exports, imports, and consumption of mutton and lamb in United States.

•		Slaughter.			_	Consumption.	
Calendar year.	Total.	Feder- ally in- spected.	Other.	Exports.	Imports (less re- exports).	Million pounds. 558 564 602 598	Per capita.
907	Million pounds. 559 555 604 600 738 788 720 626 612 473 472 522 626 556	Million pounds. 431 428 466 463 569 555 482 472 364 402 482 428	Million pounds. 128 127 138 137 169 165 144 140 109 120 144 128	Million pounds. 1 1 2 2 3 3 5 5 4 4 5 5 3 2 2 3 3	Million pounds.	pounds. 558 554 602	Pounds 6. 6. 6. 6. 7. 8. 7. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6. 6.

The production and consumption of mutton and lamb is very small in comparison with beef and pork. It averages only about one-tenth of beef and one-twelfth of pork. The table shows the production of mutton and lamb to have been greatest from 1911 to 1914, in each of which years it exceeded 700,000,000 pounds. The year of lowest production was 1917, when the yield was only 473,000,000 pounds. Since 1917 the trend was upward for two years, but declined again in 1920.

The proportion of Federal-inspected slaughter is greater with sheep and

The proportion of Federal-inspected slaughter is greater with sheep and lambs than with any other class of live stock. Nearly four-fifths of the total mutton and lamb produced is inspected in establishments having Government supervision.

Normally, there is very little foreign trade in mutton or lamb, but last year saw a new departure in heavy imports of Australasian product. These imports amounted to nearly one-fifth of the total production.

The table shows the per capita consumption ranging between 8.2 pounds (highest) in 1912 and 4.7 pounds (lowest) in 1917. There has been a steady rise in the last three years.

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Estimated annual production, exports, imports, and consumption of pork and lard in United States.

Pork (excluding lard).

		Slaughter.		ĺ		Consumption.		
Calendar year.	Total.	Feder- ally in- spected.	Other.	Exports.	Imports (less re- exports).	Total.	Per capita.	
007	Million pounds. 7, 491 8, 226 6, 690 5, 881 7, 511 7, 189 7, 492 7, 492 7, 492 8, 050 8, 634 6, 901 9, 137 9, 269 8, 470	Million pounds. 4, 420 4, 853 3, 946 3, 470 4, 481 4, 242 4, 420 4, 749 5, 196 4, 071 5, 391 5, 469 4, 996	Million pounds. 3, 071 3, 373 2, 744 2, 411 3, 080 2, 947 3, 072 2, 964 3, 801 3, 448 2, 830 3, 746 3, 800 3, 474	Million pounds. 1, 014 619 472 313 456 440 456 377 906 1, 011 943 1, 724 1, 897 925	Million pounds.	Million pounds. 6, 477 7, 607 7, 218 5, 568 7, 055 6, 749 7, 039 7, 151 7, 625 5, 968 7, 510 7, 383 7, 551	Pound. 74 85 68 67 72 72 69 72 75 70 71	
÷		LAI	RD.		· ·			
007 008 009 100 111 112 113 114 115 116 117 118	1,693 1,834 1,506 1,344 1,717 1,643 1,713 1,820 1,973 1,577 2,089 2,119 1,936	993 1,094 888 793 1,013 969 1,011 975 1,086 1,164 930 1,233 1,250 1,142	690 760 618 551 704 674 702 677 754 809 647 856 869	589 582 458 379 605 553 575 460 487 454 383 555 784 636		1, 094 1, 272 1, 048 965 1, 112 1, 090 1, 138 1, 192 1, 353 1, 519 1, 194 1, 534 1, 335 1, 300	12 14 11 10 11 11 12 13 15 11 14 12	

It is well known that the hog industry is subject to rather violent changes due to the economic situation and the character of the corn crop in a given year. This is illustrated in the tables, in which it may be seen there are three lean years, viz, 1909, 1910, and 1917. The shortage in 1909 and 1910 was due to the fallure of the corn crop, and that of 1917 is attributed to overmarketing, including breeding stock, in the preceding year, due mostly to the attraction of high war prices. The enormous productions in 1918 and 1919 evidence a remarkable recovery, which would have been impossible with any other class of live stock than the prolific and quick-maturing hog. The production in 1920 probably suffered somewhat from the heavy marketings of the previous year. The exports of pork products, excluding lard, in 1920 indicate a return to

The exports of pork products, excluding lard, in 1920 indicate a return to normal proportions as compared with the enormous war-time shipments of the previous two years. The reversal was no doubt aided by the shorter produc-

tion and by the international economic conditions.

Regarding the exports of lard, it may be noted that those of the war period did not exceed the prewar totals as did those of other pork products. Lard exports have been large for a long period of years; in fact, the American lard hog has never had a competitor in the world's markets. It is, nevertheless, rather surprising to note that the lard exports of 1911 to 1913 were larger even than those of the years from 1915 to 1918. This is explained by the fact that the Central Powers, especially Germany, as well as the continental European neutrals, were large consumers of our lard, and the loss of this trade affected the totals until 1919, when foreign shipments were the largest in history. The lard exports were very large also in 1920, although those of other products fell off fully 50 per cent.

The largest quantity of pork products consumed within a year occurred in 1916, and the next highest figures were in 1908 and 1918. The smallest consumption occurred in 1910 and 1917, in which years the production, as before stated, was much below normal. The per capita consumption was highest in 1908 and lowest in 1917. The difference between these two years shows the wide margin of 28 pounds, but it may be stated that the unusually low figure in 1917 was caused not only by the short production but also in large measure by the high prices and the need of conserving a scarce supply for export.

Estimated annual production, exports, imports, and consumption of all meats 1 (excluding lard) in United States.

		Slaughter.			1	Consumption.	
Calendar year.	Total.	Feder- ally in- spected.	Other.	Exports.	Imports (less re- exports).	Total.	Per capita
907	16, 067 15, 060 14, 502 15, 946 15, 162 14, 640 14, 039 14, 937 15, 922 14, 740 18, 041	Million pounds. 9, 399 9, 441 8, 835 8, 412 9, 368 9, 030 8, 763 8, 585 9, 384 10, 248 9, 906 12, 006 11, 320 10, 259	Million pounds. 6,604 6,628 6,090 6,578 6,132 5,877 5,454 5,553 5,674 4,834 6,035 6,006 5,792	Million pounds. 1, 367 848 637 412 534 486 507 475 1, 309 1, 304 1, 322 2, 454 2, 215 1, 093	Million pounds. 41 323 129 38 44 210 62 160	Million pounds. 14,636 15,219 14,423 14,090 15,412 14,676 14,174 13,857 13,757 14,656 13,462 15,797 15,173	Pounds 167. 170. 159. 163. 163. 145. 140. 138. 145. 131. 152.

¹ Includes small quantity of goat meat not given separately.

The figures in the table above are merely the addition of the various meats in the previous tables plus a small quantity of goat meat. The latter, however, furnishes only about one-tenth of a pound per capita of the total meat consumption in the country.

It may be seen from the last table that the banner year in meat production was 1918, when a little over 18,000,000,000 pounds were produced. Two-thirds of this meat was examined and certified as fit for human food by Federal inspectors. One-third, or 6,000,000,000 pounds, was subject to State or local inspection, or no inspection at all, and practically all of this was slaughtered and consumed within State boundaries. During the last two years the production has fallen off at the rate of about 1,000,000,000 pounds a year, but because of the decrease in exports there was little change in the consumption totals of 1919 and 1920.

NOTE.—Any conflict or disparity in the figures of the foregoing tables and those contained in Mr. Roberts's report doubtless arise from the different periods, i. e., whether the fiscal year or the calendar year is used, or the difference in the classes of animals or products. They all originate from the same source.

Sixth. Statements issued by the Bureau of the Census in June, 1921, showing the number of cattle, swine, sheep, and goats on farms in the United States on January 1, 1920, as compared with April 15, 1910, as follows: These figures do not include a number of animals in village barns and elsewhere other than on farms which, as shown by the Bureau of the Census. numbered on January 1, 1920, 2,111,928 cattle and 1,220,564 dairy cows, and on April 15, 1910, 1,878,782 cattle and 1,170,338 dairy cows.

CATTLE ON FARMS IN THE UNITED STATES.

WASHINGTON, D. C., June 8, 1921.

The Bureau of the Census, of the Department of Commerce, announces, subject to correction, the following preliminary figures from the 1920 census of agriculture for the United States, with comparative figures for 1910:

Cattle on farms in the United States, 1920 and 1910.

Cattle on farms Jan. 1, 1920, total number	66, 810, 836
Beef cattle, total	
Calves under 1 year of age	
Heifers 1 year old and under 2 years	3, 980, 343
Cows and heifers 2 years old and over	
Steers 1 year old and under 2 years	4, 697, 147
Steers 2 years old and over	
Bulls 1 year old and over	
Unclassified	
Dairy cattle, total	31, 386, 378
Calves under 1 year of age	6, 904, 586
Heifers 1 year old and under 2 years	
Cows and heifers 2 years old and over	
Bulls 1 year old and over	
Cattle on farms Apr. 15, 1910, total number	
Spring calves	
Cattle born before Jan. 1, 1910	
The market of settle or former in the Timited States on Tomas	

The number of cattle on farms in the United States on January 1, 1920, according to the Fourteenth Census, was 66,810,836. This number included 35,424,458 beef cattle (cattle kept mainly for beef production) and 31,386,378 dairy cattle (cattle kept mainly for milk production).

BEEF AND DAIRY CATTLE,

The beef cattle included 8,631,631 calves under 1 year of age, 3,980,343 yearling heifers, 12,644,018 cows and heifers 2 years old and over, 4,697,147 yearling steers, 4,611,763 steers 2 years old and over, 777,704 bulls 1 year old and over, and 81.852 cattle not classified by age or sex.

and 81,852 cattle not classified by age or sex.

The dairy cattle included 6,904,586 calves under 1 year of age, 4,057,644 yearling heifers, 19,671,777 cows and heifers 2 years old and over, and 752,371 bulls 1 year old and over.

COMPARISON WITH 1910.

The number of cattle reported at the census of 1910 was 61,803,866, but the change in the date of enumeration, from April 15 in 1910 to January 1 in 1920, must be taken into account in making any comparisons between the two years. The 1920 census, taken as of January 1, was too early to include any spring calves, while the 1910 census, taken as of April 15, included 7,806,539 calves born between January 1 and April 15, 1910, or probably more than one-half of the calves born in the spring of that year. On the other hand, the cattle enumerated as of January 1, 1920, included large numbers of animals destined to be slaughtered or marketed before April 15.

The relative importance of these two factors resulting from the change in the date of enumeration varies from State to State. In some States the number of calves born in the first three and one-half months of the year would greatly exceed the number of cattle slaughtered or sent to market, while in other States the number of cattle slaughtered during this period might almost offset the number of calves born.

For the United States as a whole, the total number of cattle reported for 1920 exceeds the total number in 1910 by 5,006,970. The actual increase, after due allowance has been made for the effects of the change in date of enumeration, is doubtless more than this, but less than the difference between the number of cattle in 1910, excluding spring calves, and the number of cattle in 1920.

STATES BANKING HIGHEST IN CATTLE.

Five States reported more than 3,000,000 cattle on farms for January 1, 1920, as follows: Texas, 6,249,443; Iowa, 4,567,708; Nebraska, 3,167,279; Wisconsin, 3,050,829; and Minnesota 3,021,469. The States reporting the largest numbers of dairy cows 2 years old and over were Wisconsin with 1,795,122; New York, with 1,481,918; and Minnesota, with 1,229,179, no other State reporting as many as 1,000,000 dairy cows 2 years old and over.

Number of eattle on farms in the United States, by geographic divisions and States: 1920 and 1910.

	Number of cattle	on farms, Apr. 15, 1910.	61, 803, 866	1, 336, 550 4, 233, 521 9, 819, 067 17, 647, 714 8, 942, 528 10, 721, 012 6, 060, 725 3, 204, 400	256, 523 167, 831 430, 314 252, 416 34, 148 195, 318	2, 423, 003 222, 999 1, 586, 519	1, 837, 607 1, 363, 016 2, 440, 577 1, 497, 823 2, 680, 074	2, 347, 435 4, 448, 006 12; Florida,
		Bulls I year old and over.	752, 371	31, 918 109, 810 1194, 211 197, 826 57, 661 62, 866 18, 519	6,354 3,691 11,490 5,548 7,119	59, 271 5, 797 44, 742	8,00 9,00 1,00 1,00 1,00 1,00 1,00 1,00 1	68, 959 39, 507 raska, 2,6
		Cows and heifers 2 years old and over.	19,671,777	842, 928 2, 486, 701 5, 082, 562 1, 676, 471 1, 677, 902 1, 901, 544 1, 901, 544 1, 901, 544 1, 901, 544	175, 425 85, 997 290, 122 147, 331 21, 431 112, 622	1, 481, 918 130, 497 874, 286	888,067 808,211 967,986 783,176 1,795,122	1, 229, 179 68, 959 897, 668 39, 507 8, 563; Nebraska, 2,612;
	Dairy cattle.	Heifers 1 year old and under 2 years.	4, 057, 644	172, 711 429, 707 1, 034, 014 339, 734 339, 736 353, 085 363, 085 116, 799 134, 886 198, 919	23, 483 23, 483 23, 483 23, 483	248, 164 17, 635 163, 908	171, 426 118, 662 193, 860 165, 371 384, 695	303, 279 196, 707 th Dakota,
	Ã	Calves under 1 year of age.	6, 904, 586	183, 934 519, 810 1, 549, 446 1, 820, 708 7546, 442 758, 524 966, 093 270, 680	22,489 22,489 24,147 26,618 23,183 23,608	291, 721 18, 764 209, 325	261, 003 200, 243 315, 633 269, 311 503, 256	479, 210 385, 628 lows: Sout
1, 1920.		Total.	31, 386, 378	1, 231, 491 3, 546, 028 7, 810, 223 7, 559, 142 2, 839, 946 3, 347, 295 11, 043, 646 1, 438, 187	267, 273 145, 376 421, 280 206, 010 28, 813 162, 739	2,081,074 172,693 1,292,261	1, 349, 373 946, 401 1, 510, 611 1, 240, 355 2, 763, 483	120, 620 25, 661 2, 080, 627 479, 210 421, 028 65, 383 1, 519, 510 385, 628 is distributed by States as follows: South
Number of cattle on farms, Jan. 1, 1920		Bulls 1 year old and over.	777,704	3, 251 23, 139 267, 888 267, 888 46, 445 163, 049 132, 413 34, 729	1, 262 596 542 542 76 381	1,277 358 21,564	13,710 14,537 29,855 7,112 6,033	25, 061 65, 363 buted by S
cattle on fa		Steers 2 years old and over.	4, 611, 763	25,241 83,546 442,979 1,660,752 294,558 216,498 899,690 871,451 317,048	9, 701 6, 270 1, 242 1, 288 3, 393	9,328 813 73,405	202, 047 202, 684 43, 882 44, 447	120, 620 421, 028 er is distril
Number of		Stears 1 year old and under 2 years.	4, 697, 147	14, 522 56, 894 1, 525, 202 1, 262, 280 262, 280 273, 140 652, 267 251, 551	6, 509 3, 337 2, 568 760 1, 251	11, 164 573 48, 157	119, 977 109, 333 208, 765 91, 219 65, 908	182, 242 1 519, 596 This number
	Beef cattle.	Cows and heifers 2 years old and over.	12,644,018	22, 437 29, 911 724, 689 3, 921, 271 727, 769 507, 769 2, 813, 480 731, 691	7,002 3,631 4,533 837 3,225	29, 407 2, 656 36, 848	137, 415 171, 171 361, 640 50, 881 73, 582	252, 18 848, 91, or sex.
	g	Heifers 1 year old and under 2 years.	3, 980, 343	7, 790 27, 629 356, 740 1, 473, 811 218, 887 663, 349 752, 376 230, 458	2,864 1,424 1,023 1,317 1,317 1,64 998	6,257 573 20,799	71, 321 75, 683 139, 437 31, 269	112, 417 338, 641 fled by age ma, 3,325.
		Calves under 1 year of age.	8, 631, 631	15,530 64,312 829,270 3,454,845 469,336 1,400,060 1,503,181 428,125	3,019 1,2,501 1,823 1,897	14, 737 1, 783 47, 782	148, 118 158, 923 350, 397 100, 725 71, 107	248, 319 854, 656 a not classi and Arizo
		Total.1	35, 424, 458	88, 771 3, 3090, 127 12, 713, 663 2, 663, 241 1, 709, 820 6, 866, 404 6, 554, 339 1, 993, 602	33,474 18,277 14,200 10,089 11,706	63, 170 6, 786 248, 555	577, 450 599, 694 1, 292, 778 332, 859 287, 346	21, 469 940, 842 248, 319 112, 417 67, 708 3, 048, 198 854, 656 338, 641 undes 81,852 eattle not classified by age 1,518; Idaho 2,328; and Arizona, 3,326.
		All cattle.	66, 810, 836	1, 320, 262 3, 864, 519 10, 900, 350 20, 222, 805 4, 709, 641 4, 549, 788 7, 597, 985 3, 431, 789	300, 747 163, 653 435, 480 216, 099 30, 519 173, 764	2, 144, 244 179, 459 1, 540, 816	1,926,823 1,546,095 2,803,389 1,573,214 3,050,829	3, 021, 469 4, 567, 708 al includes an 18, 23,518; Ic
	. i	Division or State.	United States	Geographic divisions: New England Middle Atlantic East North Central West North Central South Atlantic East South Central West South Central West South Central West South Central West South Central Pacific	New England: Maine. New Hampshire. Vermont. Massachusetts. Rhode Island. Connecticut.	New York New Jersey Pennsylvania	East, forth Cauran. Ohio Indiana Illinois Michigan	The United States total inc 39,500; Texas, 2,000; Montana, 23

Number of cattle on farms in the United States, by geographic divisions and States: 1920 and 1920—Continued.

1	6	cuerte out Ju	ממו שות פווו שונים		Ontice States, og) deodiapiec	merc atrote	3		naro over	מונת ושכם במונית חומים	nemmen.		
					Number	ber of cattle	le on farms, Jan.	s, Jan. 1, 1920	.026			-		
				PA	eef cattle.					Ã	Dairy cattle.		•	Number of cattle
Dixision or State.	All cattle.	Total.	Calves under 1 year of age.	Heifers 1 year old and under 2 years.	Cows and heifers 2 years old and over.	Steers 1 year old and under 2 years.	Steers 2 years old and over.	Bulls I year old and over.	Total.	Calves under 1 year of age.	Heifers 1 year old and under 2 years.	Cows and heifers 2 years old and over.	Bulls I year old and	on farms, Apr. 15, 1910.
West North Central—Con. Missouri North Dakota South Dakota Nobrasta Kansas	2, 781, 644 1, 334, 552 2, 374, 763 3, 167, 279 2, 975, 390	1, 714, 894 674, 529 1, 818, 784 2, 470, 779 2, 045, 637	445, 199 212, 398 469, 511 682, 546 542, 216	181, 048 85, 051 222, 155 293, 630 240, 869	533, 675 211, 084 574, 680 828, 702 672, 023	267, 127 246, 204 326, 345 326, 345 383, 345	255, 250 263, 250 2863, 718 286, 668	25, 25, 25, 25, 25, 25, 25, 25, 25, 25,	1, 086, 750 660, 023 555, 973 928, 500	254 181,736 1133,767 1158,864	131, 317 90, 386 70, 444 78, 604 107, 010	961, 339, 253 440, 888	19, 405 17, 191 13, 515 18, 194 21, 065	2, 561, 462 7,43, 762 1, 534, 276 3, 079, 403
Delaware. Maryland		1,752	6, 177	3, 308 8, 308		8, 4142		, 288 888					m or	
Virginis. Virginis. West Virginis. North Carolina. South Carolina. Georgia.	914, 674 587, 462 644, 779 435, 462 1, 157, 432 638, 981	403,986 332,441 117,386 117,386 518,350	163, 090, 090, 090, 090, 090, 090, 090, 09	24,555 24,555 15,392 38,886 38,886	61, 155 71, 684 71, 684 71, 884 71, 881 81, 300 81, 300	\$28.47.41. 1882.28. 1882.88	114 255 255 250 250 250 250 250 250 250 250	286 244 286 267 268 288 288 288	255,021 255,021 255,021 318,077 120,631	8.148.87.7. 13.83.83.83.9.7.	\$8.25.25.35 \$2.25.25.25.25 \$2.25.25.25.25.25	######################################	జలలు చెట్టు కార్యాల్లు కార్యాల్లు కార్యాల్లు కార్యాల్లు కార్యాల్లు కార్యాల్లు కార్యాల కార్యాల కార్య కార్యాల కార్య కార్య కార కార్య కార్య కార్య కార్య కార్య కార్య కార్య కార్య కార్య కార్య కార కార్య కార్య కార్య కార కార్య కార కార్య కార్య కార్య కార్య కార కార	25.00 25.00 20.00
East South Central: Kentucky. Tennessee. Alabama. Mississippi.	1, 093, 453 1, 161, 846 1, 044, 008 1, 250, 479	433, 659 492, 486 322, 434 461, 241	129, 036 155, 996 71, 693 110, 197	55, 362 64, 345 42, 117 57, 063	79, 318 95, 373 128, 350 204, 619	92, 743 96, 028 35, 971 39, 628	70, 078 71, 609 35, 191 39, 625	7, 127 9, 135 9, 112 10, 109	659, 794 669, 360 721, 574 789, 238	137, 312 165, 877 214, 219 241, 116	73, 571 78, 595 97, 051 102, 868			1,000,937 996,529 932,428 1,012,632
west South Central: Arkansas. Louisiana. Oklahoma. Texas.	1, 072, 966 804, 241 2, 087, 049 6, 249, 443	345, 806 487, 709 1, 285, 317 4, 767, 572	86, 791 100, 343 306, 188 906, 738	43, 466 63, 856 155, 290 400, 737	119, 843 252, 662 494, 080 2, 198, 525	50, 011 31, 259 147, 544 444, 326	39, 531 30, 276 137, 119 692, 764	6, 164 9, 313 25, 096 122, 476	727, 160 316, 532 821, 732 1, 481, 871	198, 445 92, 886 235, 306 439, 456	101, 182 40, 754 105, 835 169, 028		12, 026 16, 036 28, 842	1, 028, 071 804, 795 1, 953, 560 6, 934, 586
Montans Montans Idaho Wyoming Colorado New Mexico Arizona Utah.	1, 288, 516 714, 903 873, 729 1, 786, 616 1, 300, 335 821, 918 505, 578 356, 390	1, 057, 418 512, 512 814, 386 1, 434, 423 1, 237, 541 768, 197 397, 563 332, 289	275, 564 129, 276 206, 541 325, 033 249, 545 153, 137 69, 557	130, 705 82, 558 162, 545 127, 748 53, 825 44, 597	384, 148 187, 006 298, 840 629, 136 664, 329 429, 480 175, 128 145, 363	118, 516 71, 976 84, 394 191, 701 67, 242 41, 165 41, 917 35, 356	108, 544 49, 746 118, 348 200, 028 97, 446 41, 819 24, 557 30, 971	16, 423 8, 678 13, 312 25, 932 31, 231 22, 774 608 6, 455	211, 098 202, 391 203, 393 322, 193 62, 794 53, 721 108, 015 24, 091	54, 222 56, 207 16, 207 13, 779 13, 293 7, 123	25, 844 27, 616 6, 898 41, 513 8, 022 14, 077 3, 133	127, 581 115, 336 34, 938 34, 938 192, 224 37, 806 31, 619 66, 724	3,3,3,251 1,1,1,1,880 1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,	943, 147 453, 807 765, 427 1, 127, 737 1, 081, 663 824, 929 449, 681
Washington. Washington. Oregon. California.	572, 644 851, 108 2, CGR, 037	193, 819 570, 697 1, 229, 086	51, 062 134, 748 242, 315	24, 045 72, 193 134, 220	64, 924 225, 708 441, 059	26, 861 66, 380 158, 310	23, 668 61, 113 232, 267	3, 259 10, 555 20, 915	378, 825 280, 411 778, 961	80, 990 57, 840 150, 119	51, 365 36, 011 111, 543	238, 270 180, 462 502, 415	8, 200 6, 098 14, 874	402, 120 725, 255 2, 077, 025

SWINE ON FARMS IN THE UNITED STATES.

WASHINGTON, D. C., June 4, 1921.

The Bureau of the Census of the Department of Commerce announces, subject to correction, the following preliminary figures from the 1920 census of agriculture for the United States, with comparative figures for 1910:

Swine on farms in the United States: 1920 and 1910.

Swine on farms Jan. 1, 1920, total number	59, 368, 167
Pigs under 6 months old	26, 237, 924
Sows and gilts for breeding, 6 months old and over	11, 445, 239
Boars for breeding, 6 months old and over	934, 553
All other hogs, 6 months old and over	20, 750, 451
Swine on farms Apr. 15, 1910	58, 185, 676

The number of swine on farms in the United States on January 1, 1920, according to the Fourteenth Census, was 59,368,167. This number included 26,237,924 pigs under 6 months old on that date, 11,445,239 sows and gilts 6 months old and over kept for breeding purposes, 934,553 boars kept for breeding purposes, and 20,750,451 other hogs 6 months old and over.

The number of swine reported at the 1910 census was 58,185,676, but the change in the date of enumeration from April 15 in 1910 to January 1 in 1920, must be taken into consideration in making any comparisons between the two years. The 1920 census, taken in January, was too early to include any spring pigs, while the 1910 census, taken in April (beginning Apr. 15), probably included more than half of the "crop" of spring pigs. On the other hand, a farm census taken in January would include large numbers of hogs destined for sale or slaughter before April 15.

The relative importance of these two factors resulting from the change in the date of enumeration varies from State to State. In those States where the number of pigs born in the first three and a half months of the year is greater than the number of hogs slaughtered or marketed, the 1910 figures, relating to April 15, are too large for a fair comparison with the number of swine on hand January 1, 1920—as much too large as the number of pigs born between January 1 and April 15 exceeds the number of hogs sold or slaughtered during the same period. On the other hand, if in any State the number of swine slaughtered or sent to market between January 1 and April 15 were greater than the number of pigs born during the same period, the 1910 figures would be too small for a fair comparison with the 1920 figures.

Arranging the States in order of the number of hogs and pigs reported, it appears that the following States stood at the head of the list (and in the same order) both in 1920 and in 1910: Iowa, with 7,864,304 swine on farms in 1920; Illinois, with 4,640,447; Missouri, with 3,888,677; Indiana, with 3,757,135; Nebraska, with 3,441,917; and Ohio, with 3,083,846. These six States are the only ones which reported more than 3,000,000 swine in 1920.

Kansas ranked seventh in 1910, but showed a decided falling off in 1920. This was accompanied by a marked decrease in the acreage and production of corn and a corresponding increase in wheat and oats, and doubtless indicates a change in type of farming. A similar situation prevails in Oklahoma, which also shows a considerable decrease in the number of swine reported for 1920, as compared with 1910. Most of the Mountain States, on the other hand, show a decided increase in the number of hogs on farms.

Number of swine on farms in the United States, by geographic divisions and States—1920 and 1910.

		Swine	n farms Jan	. 1, 1920.		
Division or State.	Total.	Pigs under 6 months old.	Sows and gilts for breeding, 6 months old and over.	Boars for breeding, 6 months old and over.	All other hogs, 6 months old and over.	Swine on farms Apr. 15, 1910.
United States	59, 368, 167	26, 237, 924	11, 445, 239	934, 553	20, 750, 451	58, 185, 676
Geographic divisions: New England Middle Atlantic East North Central West North Central South Atlantic East South Central West South Central West South Central Mountain Pacific	383, 752	219, 624	57, 224	6, 834	100,070	396, 642
	1, 955, 982	1, 161, 410	279,037	32, 586	482,949	1, 790, 821
	14, 184, 054	7, 371, 160	2, 645, 914	230, 964	3,936,026	14, 461, 059
	21, 699, 988	6, 830, 783	4, 970, 042	363, 436	9,535,707	21, 281, 509
	6, 537, 392	3, 454, 254	1, 049, 190	103, 967	1,929,981	5, 963, 920
	6, 206, 942	3, 045, 236	918, 442	71, 322	2,171,852	5, 438, 606
	5, 766, 535	2, 885, 354	1, 090, 946	85, 352	1,704,883	7, 021, 945
	1, 192, 745	538, 373	214, 194	18, 520	421,658	640, 911
	1, 440, 797	731, 640	220, 250	21, 582	467,325	1, 190, 263
New England: Maine. New Hampshire. Vermont. Massachusetts. Rhode Island. Connecticut.		53, 036 25, 053 46, 386 53, 757 6, 833 34, 559	12, 414 5, 765 10, 779 17, 742 1, 701 8, 823	1,553 754 1,087 2,042 261 1,137	24, 201 10, 083 14, 509 30, 651 4, 074 16, 552	87, 156 45, 237 94, 821 103, 018 14, 038 52, 372
Middle Atlantic: New York New Jersey Pennsylvania East North Central:	600, 560	379, 413	90, 368	8, 898	121, 881	666, 179
	139, 222	74, 817	21, 174	2, 659	40, 572	147, 005
	1, 216, 200	707, 180	167, 495	21, 029	320, 496	977, 637
Ohio. Indiana Illinois. Michigan. Wisconsin. West North Central: Minnesota. Iowa. Misconsi	3, 083, 846	1, 888, 040	493, 603	44, 823	657, 380	3, 105, 627
	3, 757, 135	2, 171, 143	636, 025	59, 888	890, 079	3, 613, 906
	4, 640, 447	1, 887, 313	929, 823	77, 271	1, 746, 040	4, 686, 362
	1, 106, 207	686, 866	184, 577	14, 302	220, 462	1, 245, 833
	1, 596, 419	737, 798	401, 886	34, 670	422, 065	1, 809, 331
North Dakota	2,380,862	627, 745	617, 538	52, 436	1, 083, 143	1, 520, 257
	7,864,304	2, 116, 191	1, 937, 351	124, 981	3, 685, 781	7, 545, 853
	3,888,677	1, 937, 526	677, 481	57, 665	1, 216, 005	4, 438, 194
	458,265	133, 870	126, 760	11, 614	186, 021	331, 603
	1,932,741	377, 474	545, 248	37, 635	972, 384	1, 009, 721
	3,441,917	814, 078	783, 207	53, 858	1, 790, 774	3, 435, 724
	1,733,202	823, 899	282, 457	25, 247	601, 599	3, 000, 157
Kansas. South Atlantic: Delaware. Maryland District of Columbia Virginia West Virginia. North Carolina. South Carolina. Georgia Florida. East South Central:	38, 621	21, 814	4, 602	603	11, 602	49, 260
	306, 452	181, 938	41, 320	6, 042	77, 152	301, 583
	1, 331	540	295	42	454	665
	941, 374	576, 119	119, 472	14, 613	231, 170	797, 635
	305, 211	192, 818	44, 661	5, 109	62, 603	328, 188
	1, 271, 270	642, 121	180, 954	20, 653	427, 542	1, 227, 625
	846, 997	402, 546	128, 483	13, 477	302, 491	665, 211
	2, 070, 655	1, 053, 285	363, 239	30, 813	623, 318	1, 783, 684
	755, 481	383, 053	166, 164	12, 615	193, 649	810, 069
East South Central: Kentucky. Tennessee. Alabama. Mississippi West South Central:	1, 504, 431	819, 043	218, 714	16, 408	450, 266	1, 491, 816
	1, 832, 307	950, 487	253, 629	19, 662	608, 529	1, 387, 938
	1, 496, 893	679, 910	228, 281	19, 373	569, 329	1, 266, 733
	1, 373, 311	595, 886	217, 818	15, 879	543, 728	1, 292, 119
Louisiana Oklahoma Texas	1, 378, 091 850, 562 1, 305, 108 2, 232, 774	699, 946 384, 450 687, 714 1, 113, 244	266, 185 196, 955 234, 990 392, 816	15, 574 14, 527 21, 016 34, 235	396, 386 254, 630 361, 388 692, 479	1, 518, 947 1, 327, 605 1, 839, 030 2, 336, 363
Mountain: Montana. Idaho. Wyoming. Colorado. New Mexico. Arizona Utah. Nevada. Pacific:	167, 060	69, 509	33, 975	3, 000	60, 576	99, 261
	240, 030	106, 500	43, 084	3, 040	87, 406	178, 346
	72, 278	29, 920	14, 152	1, 264	26, 942	33, 947
	449, 866	200, 027	79, 658	7, 166	163, 015	179, 294
	87, 906	44, 360	16, 249	1, 502	25, 795	45, 409
	49, 599	24, 935	9, 811	843	14, 010	17, 206
	99, 361	51, 224	13, 170	1, 184	33, 783	64, 296
	26, 645	11, 898	4, 095	521	10, 131	23, 160
Pacific: Washington. Oregon. California.	264, 747	138, 128	42, 910	4, 782	78, 927	206, 135
	266, 778	140, 656	38, 472	4, 219	83, 431	217, 577
	909, 272	452, 856	138, 868	12, 581	304, 967	766, 551

SHEEP AND GOATS ON FARMS IN THE UNITED STATES.

WASHINGTON, D. C., June 15, 1921.

The Bureau of the Census, of the Department of Commerce, announces, subject to correction, the following preliminary figures from the 1920 census of agriculture for the United States, with comparative figures for 1910.

Sheep and goats on farms in the United States, 1920 and 1910.

Sheep on farms Jan. 1, 1920, total number	34, 984, 524
Lambs under 1 year of age	8, 931, 705
Ewes 1 year old and over	23, 462, 689
Rams 1 year old and over	
Wethers 1 year old and over	
Unclassified	269, 725
Sheep on farms Apr. 15, 1910, total number	52, 447, 861
Spring lambs	12, 803, 815
Sheep born before Jan. 1, 1910	39, 644, 046
Goats on farms Jan. 1, 1920, total number	3, 426, 506
Kids under 1 year of age, raised for fleeces	530, 763
Goats 1 year old and over, raised for fleeces	1, 569, 834
All other goats	1, 325, 909
Goats on farms Apr. 15, 1910	

The number of sheep on farms in the United States on January 1, 1920, according to the Fourteenth Census, was 34,984,524. The number included 8,931,705 lambs under 1 year of age, 23,462,689 ewes 1 year old and over, 826,373 rams 1 year old and over, and 1,494,032 wethers 1 year old and over. The number of goats reported for the same date was 3,426,506, including

The number of goats reported for the same date was 3,426,506, including 530,763 kids under 1 year of age, raised for fleeces, 1,569,834 goats 1 year of age and over, raised for fleeces, and 1,325,909 other goats—goats and kids of all ages not kept for their fleeces.

COMPARISON WITH 1910.

The number of sheep reported at the census of 1910 was 52,447,861, but the change in the date of enumeration from April 15 in 1910 to January 1 in 1920 must be taken into account in making any comparisons between the two years. The 1920 census, taken as of January 1, was too early to include any spring lambs, while the 1910 census, taken as of April 15, included 12,803,815 lambs born between January 1 and April 15, 1910. On the other hand, the sheep enumerated as of January 1, 1920, included large numbers of animals destined to be slaughtered or marketed before April 15.

The relative importance of these two factors resulting from the change in the date of enumeration varies from State to State. In some States the number of lambs born during the first three and one-half months of the year would greatly exceed the number of sheep and older lambs slaughtered or sent to market, while in other States the number of sheep slaughtered during this period might almost offset the number of lambs born.

Taking as a basis of comparison the sheep reported in 1910, exclusive of spring lambs, the figures for the United States as a whole show a decrease of 4,659,522 sheep between 1910 and 1920. The actual decrease, however, after due allowance has been made for sheep slaughtered as well as for spring lambs, is considerably more than this, but less than the difference between the total number of sheep reported in 1910 and the number in 1920.

The total number of goats reported at the 1910 census was 2,915,125. As compared with this figure, the number of goats reported for 1920 represents a nominal increase of 511,381. The actual increase, after making allowance for the change in date of enumeration, is doubtless considerably less than that

BANK OF IMPORTANT STATES.

Six States reported more than 2,000,000 sheep on farms for January 1, 1920, as follows: Texas, 2,552,412; California, 2,400,151; Idaho, 2,356,270; Ohio, 2,102,550; Montana, 2,082,919; and Oregon, 2,002,378.

The States reporting the largest numbers of goats were Texas, with 1,706,606; New Mexico, with 226,862; Arizona, with 161,124; Oregon, with 133,685; Arkansas, with 123,800; Missouri, with 121,012; and California, with 115,759. These seven States are also among those reporting the largest numbers of goats kept for fleeces.

Number of sheep and goats on farms in the United States, by geographic divisions and States: 1920 and 1910.

		Sheep o	Sheep on farms Jan. 1, 1920	1, 1920.			8	Goats on farms Jan. 1, 1920	s Jan. 1, 1920		
Division or State.	Total.1	Lambs under 1 year of age.	Ewes 1 year old and over.	Rams 1 year old and over.	Wethers 1 year old and over.	Sheep on farms Apr. 15, 1910.	Total.	Kids under 1 year of age, raised for fleeces.	Goats 1 year old and over, raised for fleeces.	All other goats.	Gosts on farms Apr. 15, 1910.
United States:	34, 984, 524	8, 931, 705	23, 462, 689	826, 373	1, 494, 032	52, 447, 861	3, 426, 506	530, 763	1, 569, 834	1, 325, 909	2, 915, 125
Geographic divisions: New England			178, 657			08		3, 215	629		
Middle Átlantic Rast North Central	9,5	88	3, 375, 553			43		373			
West North Central	2,0		3, 190, 395			35,6		17,914			
East South Central West South Central	318,		1,017,315			8,8		8,918			
Mountain. Pacific	13, 179, 46. 5, 026, 308	3,341,964 1,319,833	9,017,221 3,357,422	270, 663 106, 434	319,312	22, 770, 281 5, 582, 167	451, 607 256, 274	67, 257 47, 101	193, 174 160, 458	191, 176	332,445
Now England:											
Maine	119, 471			3,967	1, 795				23	38	582
New Hampshire.	28,021	6,5 28,3			612		3,574	8, 8,	X =	8 %	\$ 56 6
Massachusetts	18,880				1,55		1,296	88	318	1, 100	1,251
Enode Island	10,88	7 862 862	7,553	₹ 8	# 8 # 8 # 8	,24 8 31 8 31	447	° 71	12	88	§ §
Middle Atlantic:		150 104						13	9		2 47K
New Jersey.	10, 471	120	7,73	388	186	, S.	4.	121	813	915	574
Pennsylvania.		108, 359		17, 100	65, 631		3,842	23.	410	3, 198	8, 539
Obio					187, 475	8		**	308		5,379
Indiana					æ.	8			1,078	8	2,280
Michigan	1, 206, 756	354,301	908, 734	8,8 8,8 8,8	15,000	2, 208, 540	10,000 A 614	3,654	4,4	, . 555	14,50
Wisconsin					8,380	8	2, 484		820	1, 433	4,876
West North Central:					;			8	i		
Minnesota	1 50%,004	350,080	301,001	26,121	14,032	1 145 549	15,745	785	1 208	2,950	27, 588
Missouri					14,446			12, 385	51,745		
North Dakota					6,822	8			149		
¹ The United States total includes 289.	2.725 sheen n	of pleasified	hw o 00 or 00	This man	nhos to Alata	Annahan Personal		Market			

1 The United States total includes 289,725 sheep not classified by age or sex. This number is distributed by States as follows: Nebraska, 35,637; Florida, 8,885; Idaho, 29,800; Wyoming, 62,865; Colorado, 54,022, and Arizona, 83,681.

Number of sheep and goats on farms in the United States, by geographic divisions and States: 1920 and 1910—Continued.

		вреер от	Sheep on farms Jan. 1, 1920	1, 1920.			g	Goats on farms Jan. 1, 1920	13 Jan. 1, 1920	ć	
Division or State.	Total.	Lambs under 1 year of age.	Ewes I year old and over.	Rams 1 year old and over.	Wethers 1 year old and over.	Sheep on farms Apr. 15, 1910.	Total.	Kids under 1 year of age, raised for fleeces.	Goats 1 year old and over, raised for fleeces.	All other goats.	Gosts on farms Apr. 15, 1910.
West North Central—Continued. South Dakota Nebraska. Kanassa.	867, 036 540, 583 361, 102	232, 274 286, 833 116, 986	600, 767 195, 546 231, 523	16, 219 5, 902 7, 439	17, 776 6, 665 5, 154	611, 264 283, 500 272, 475	5, 040 2, 501 6, 937	3, 188 619 907	1, 296	1, 083 4, 404	2, 337 3, 280 8, 847
Delaware Maryand		703 13, 031	2,331 85,480 85,480	3,895	57 621	7, 806	873	12	190	88,	1, 188
Virginia Virginia West Virginia North Carolina South Carolina Georgia	25.00 20.00	41, 061 82, 858 17, 459 13, 274 9, 289	286 392,730 65,562 16,283 35,919	15, 656 15, 722 15, 722 1, 954 4, 724 4, 029	2,384 1,7,1,232 1,533 1,533	804, 873 910, 360 214, 473 37, 550 187, 644 113, 701	23,7,9 13,912 110,484 45,880	1, 202 1, 202 129 47 55	1, 847 2, 341 2, 261 175 2, 281 3, 281	8,123 110,138 8,148 8,148 8,148	7, 327 5, 748 35, 019 24, 750 89, 616 47, 371
East South Central: Kentucky Tennessee Alabama. Mississippi	707, 845 384, 196 81, 868 164, 440	88, 452 59, 922 15, 187 31, 534	583, 997 281, 774 51, 728 99, 816	28, 864 17, 770 4, 989 12, 163	6,4,6 9,730 964 720,964	1, 363, 013 796, 083 142, 930 195, 246	35, 045 73, 228 104, 148 113, 777	1, 298 7, 139 291 291	4, 409 13, 782 966 837	29, 338 52, 307 103, 002 112, 149	8,2,5,2, 8,85,2, 8,5,4,178,7
west South Central: Arkansas Louisiana Oklahoma Teeras	100, 159 129, 816 106, 871 2, 552, 412	85.58 88.58 88.88 88.88 88.88	68, 882 81, 658 70, 428 1, 447, 158	2, 2, 21 2, 27 2, 23 2, 90 2, 90 3, 23 3, 23 4, 90 5,	3,821 18,365 3,327 429,538	144, 180 178, 287 62, 472 1, 808, 709	123,800 91,249 45,276 1,706,606	4, 713 165 8, 766 363, 676	15, 121 904 23, 611 1, 073, 063	103, 966 90, 180 12, 899 289, 867	58, 294 57, 102 25, 591 1, 135, 244
Montain: Idaho Idaho Wooning Colorado New Mexico. Arizona Usah.	2,082,919 2,356,270 1,832,255 1,813,255 1,640,475 1,640,475 1,691,795 881,914 1,691,795	509, 400 446, 446 379, 124 844, 568 375, 224 169, 224 206, 619	1, 468, 732 1, 789, 631 1, 331, 436 876, 416 1, 172, 525 531, 818 1, 231, 341 615, 322	22.23.24.29.25.29.2 25.25.29.29.29.29.29.29.29.29.29.29.29.29.29.	25, 25, 25, 25, 25, 25, 25, 25, 25, 25,	5, 380, 746 3, 010, 478 1, 478, 214 1, 226, 214 1, 226, 733 1, 827, 180 1, 164, 795	1, 282 1, 515 1, 515 1, 501 28, 682 28, 962 161, 124 29, 512 1, 123	184 200 200 277 1, 338 22, 665 7, 510 230 230	601 615 334 334 97,478 71,138 17,506	22, 286 22, 286 24, 729 67, 183 67, 183 4, 406 476	5,045 5,719 2,739 412,050 246,617 286,617 4,849
Feduc: Washington Oregon. California	623, 779 2, 002, 378 2, 400, 151	151,969 551,313 616,551	438, 571 1, 302, 142 1, 616, 709	10, 573 32, 941 62, 920	22, 666 115, 982 103, 971	475, 555 2, 699, 135 2, 417, 477	6,830 133,686 115,759	85,867 20,578	2, 119 99, 699 58, 640	4,055 8,119 36,541	8,621 185,411 138,413

An examination of the Statistical Abstract of the United States and of the reports of the Bureau of Markets from time to time will show that the estimates that are made of the number each year between census periods are generally excessive and necessarily are mere estimates. The most accurate figures, therefore, are those issued by the Bureau of the Census. Any deductions drawn from the estimates of the Bureau of Markets from the years closest to the census dates should at least be modified accordingly. The estimates are doubtless the best that can be made from the data obtainable, and what I say is not said in a spirit of criticism, but merely to point out the fact.

The figures obtained from the markets as to the number inspected at the slaughtering establishments under Government inspection afford the best

barometer of the live-stock supply converted into meat.

Seventh. I submit herewith a statement taken from the Interstate Commerce Commission's summary of freight commodities statistics of Class I roads for the quarter ended March 31, 1921, showing the revenue freight originating and the revenue freight carried in the western district by Class I roads, by number of carloads and the number of tons of the different commodities. As explained, this shows the importance of the live-stock business. It should be stated in this connection that the ton-miles are not given, because this record is not now kept in the reports given to the Interstate Commerce Commission. The statement does not therefore show the relative services performed, which, by reason of the longer distance movement of live stock than the average, is greater than the relative number of tons and carloads.

As stated by me in oral argument, the agricultural producer always pays the freight on his articles deducted from the account sales, and all of the commodities which move to him as a matter of common knowledge come with the freight added. This table will enable one to observe, therefore, the quantities that are moved where the freight is added and which the consumer has to pay. This would include agricultural implements, vehicles, and all of the other commodities which the farmer consumes. From this it results that the increased rate of freight during and since the war is a double burden upon agriculture. The statement is as follows:

Summary of freight commodity statistics of Class I roads for the quarter ended Mar. 31, 1921.

[Class I roads are those having annual operating revenues above \$1,000,000, western district; average num
ber of miles of road operated, 131,751.81.]

•	nating or	eight origi- respond- road.	Total reve	nue freight ied.
Commodity.	Number of carloads.	Number of tons (2,000 pounds).	Number of carloads.	Number of tons (2,000 pounds).
PRODUCTS OF AGRICULTURE.	109, 642	4, 393, 801	182, 341	7, 264, 858
Corn		3, 624, 976	133, 494	5, 017, 303
Oats	29,644	994, 751	41, 810	1, 390, 272
Other grain.	27, 430	918, 333	42, 126	1, 369, 981
Flour and meal. Other mill products.	57, 566 42, 086	1,615,604 1,031,314	84, 736 61, 971	2, 399, 542 1, 518, 258
Hay, straw, and alfalfa.	71,556	925, 568	96, 735	1, 257, 284
TODacco	1,515	21, 102	2,417	36, 115
Cotton	37, 810	517, 416	71,086	1, 015, 937
Cotton seed and products, except oil	32, 834 12, 588	797, 341 220, 175	46, 367 49, 969	1, 136, 390 864, 642
Citrus fruits	11, 172	178, 058	34, 795	530, 157
Potatoes	26, 097	475, 775	56,774	1, 032, 422
Other fresh vegetables	13, 122	163, 200	47, 501	606, 437
Dried fruits and vegetablesOther products of agriculture	3,932	111, 216	11, 765	329, 595
Other products of agriculture	22, 905	681,601	38, 343	1, 022, 180
Total	593, 378	16, 670, 231	1,002,230	26, 791, 373
PRODUCTS OF ANIMALS.				
Horses and mules.	7, 914	91, 085	10,661	123, 701
Cattle and calves	121, 906	1, 421, 335	144, 870	1, 696, 136
Sheep and goats	16, 834	167, 316	23, 883	245, 881
Hogs.	122, 502 30, 886	1, 137, 905 401, 656	136, 335 34, 939	1, 270, 975 457, 393
Fresh meats Other packing-house products		229, 663	18, 501	318, 761

Summary of freight commodity statistics of Class I roads for the quarter ended Mar. 31, 1921—Continued.

Class I roads are those having annual operating revenues above \$1,000,000, western district; average number of miles of road operated, 131,751.81.]

		reight origi- n respond- l.	Total reve	nue freight ried.
Commodity.	Number of carloads.	Number of tons (2,000 pounds).	Number of carloads.	Number o tons (2,000 pounds).
PRODUCTS OF ANIMALS—continued.				
Poultry	2, 967 6, 613 3, 009 521 2, 495 3, 713	33, 550 74, 245 38, 631 7, 812 59, 013 93, 759	4, 361 9, 260 4, 443 1, 442 4, 218 7, 267	48, 79 107, 17 59, 78 25, 07 99, 00 176, 45
Total	332, 588	3, 755, 970	400, 180	4, 629, 14
PRODUCTS OF MINES.				
Anthracite coal Situminous coal Soke Ton ore Sther ores and concentrates Sass bullion and matte Say, gravel, sand, and stone Trude petroleum Sphaltum Salt Solter ores of mines	6, 585 266, 970 8, 274 7, 997 30, 622 1, 865 118, 338 28, 198 1, 511 8, 891 3, 015	251, 207 11, 856, 137 254, 462 397, 709 1, 657, 184 80, 193 5, 437, 231 1, 022, 558 51, 881 231, 295 130, 618	10, 973 455, 601 16, 339 12, 427 43, 457 5, 688 154, 237 56, 957 3, 170 16, 866 13, 246	427, 77 20, 337, 64 506, 50 646, 22 2, 223, 96 216, 26 7, 000, 35 2, 037, 20 110, 28 445, 38 545, 02
Total	482, 166	21, 370, 455	788, 361	34, 496, 61
PRODUCTS OF FORESTS.				
ogs, posts, poles, and cordwood fies	153, 105 22, 121 59, 866 112, 073 6, 291	4,812,853 708,030 2,069,364 3,207,322 137,543	170, 892 34, 883 83, 930 254, 663 10, 203	5, 326, 97 1, 133, 52 2, 890, 64 7, 286, 32 226, 17
Total	353, 456	10, 935, 112	554, 571	16, 863, 64
MANUFACTURES AND MISCELLANEOUS.				
Refined petroleum and its products regetable oils ugar, sirup, glucose, and molasses Boats and vessel supplies ron, pig and bloom tails and fasterings Bar and sheet iron, structural iron, and iron pipe. Ther metals, pig, bar, and sheet. Sement. Brick and artificial stone. Lime and plaster Brick and artificial stone. Every pipe and Graintile Bricultural implements and vehicles other than automobiles and autotrucks Household goods and secondhand furniture. Furniture (new) Beverages Lice. Fertilizers (all kinds) Paper, printed matter, and books Chemicals and explosives. Textiles.	124, 830 5, 082 14, 308 15, 55 1, 909 2, 175 13, 486 2, 185 10, 077 20, 420 16, 874 7, 194 8, 121 11, 302 21, 880 3, 282 3, 328 22, 788 22, 789 2, 979 2, 979 8, 672 8, 672	3, 581, 452 149, 828 436, 756 85, 311 85, 249 409, 330 98, 399 195, 219 773, 218 582, 702 181, 327 150, 697 206, 496 80, 598 234, 879 34, 239 67, 486 725, 550 193, 812 74, 290 255, 737 11, 975	240, 595 10, 571 32, 681 191 4, 835 11, 669 63, 401 9, 753 25, 247 32, 823 12, 942 11, 564 26, 573 32, 804 35, 642 7, 393 5, 208 26, 448 10, 250 9, 909 9, 909 115, 821 2, 351	6, 847, 60 313, 16 978, 43 4, 47 217, 46 369, 93 509, 11 1, 271, 22 1, 23 338, 94 218, 98 415, 18 252, 18 384, 86 83, 83 84, 96 83, 94 249, 48 487, 66 47, 04
Textiles. Canned goods (all canned food products). Other manufactures and miscellaneous.	9, 603 94, 447	11, 975 224, 292 2, 150, 658	2, 351 19, 597 183, 956	476, 46 4, 149, 58
Total	428, 177	10, 990, 351	860, 531	22, 392, 76
Grand total, carload traffic	2, 189, 765	63, 722, 119 3, 102, 595	3, 605, 873	105, 173, 54 4, 405, 31
Grand total, carload and less than carload traffic.		66, 824, 714		109, 578, 85

Imports of cattle hides and calfskins, calendar years 1911 to 1920, inclusive.

FREE.

, T	Cattle	hides.	Calfs	kins.
Year.	Quantity.	Value.	Quantity.	Value.
1911	223, 549, 752 308, 050, 216 408 632, 111 404, 201, 341 370, 684, 826 221, 051, 070	\$25, 228, 945 49, 178, 526 40 844 504 55, 931, 413 78, 137, 660 87, 674, 812 102, 357, 052 52, 029, 641 125, 590, 047 85, 475, 324	Pounds. 82, 631, 186 114, 859, 364 76 468, 995 66, 915, 534 48, 914, 776 62, 657, 181 29, 585, 605 7, 582, 723 35, 132, 286	\$21, 227, 102 31, 033, 634 21, 243, 369 16, 373, 257 11, 334, 162 18, 132, 654 11, 511, 555 2, 953, 959 33, 653, 139 19, 250, 661

Imports of cattle hides for the fiscal years 1900 to 1910, inclusive.

DUTIABLE.

Year.	Quantity.	Value.	Year.	Quantity.	Value.
1900	Pounds. 163, 865, 165 129, 174, 624 148, 627, 907 131, 640, 325 85, 370, 168 113, 177, 357	\$19, 408, 217 14, 647, 413 17, 474, 039 16, 159, 902 10, 989, 035 14, 949, 628	1906	Pounds. 156, 155, 300 134, 671, 020 98, 353, 249 192, 252, 083 32, 534, 717 285, 468, 821	\$21, 862,060 20, 649,258 12, 044,435 23, 795,602 4, 393, 195 42, 306, 943

Mr. Cowan. During the calendar year which ended with the 31st of December last the total importation of hides and skins of all kinds, exclusive of furs, was 700,107,000 pounds. The domestic production during the same period was 849,530,000 pounds. The figures include ! hides and skins of cattle, horses, sheep, goats, buffalo, kangaroo wallaby and all other animals from whose outer coverings leather is made. The aggregate of cattle and calf skins produced in this country, and included in the above, was 789,630,000 pounds, and the importations 386,510,000. The figures are taken from "Commerce Reports," issue of October 24, page 443.

In spite of the fact that during the current year the demand for hides in the tanneries of the United States reached such a low point that during several weeks the value of the hides taken off the steres on the ranges was less than the freight charges to market them, the same same publication tells us that-

An increase of 22.1 per cent over the quantity recorded last year marked the August, 1921, imports of cattle hides into the United States. Argentina supplied 32.2 per cent of the month's purchases, Uruguay 21.9 per cent, Brazil 12.5 per cent, Canada 9.3 per cent, Cuba 7.7 per cent, and all other countries 16.4 per cent.

It will be noted that 66.6 per cent of the total importation of cattle hides during the month of August (and approximately the same percentage will apply throughout the year) came from Argentins, Uruguary and Brazil, or "The River Plate country."

Dutiable from July 1 to Aug. 5, 1909, inclusive.
 Free from Aug. 6, 1909, to Jan. 30, 1910, inclusive.
 Note.—Calfskins were not reported separately during this period of years, but were included in "All other hides and skins."

The manufacturers of shoes and the tanners through their propaganda and their lobbyists insist that a duty on hides will materially help the packer, but that the stockman and the farmer will receive no benefit whatever.

Just what proportion of the hides imported during the month of August were produced in the plants of the American packers doing business in South America it is impossible to ascertain. That the American owned hides of South American production are brought into the United States is not denied. If the packer-owner of the South American plants controls 60 per cent of the foreign imports why should he worry? Free hides from South America, produced in his own packing establishments, combined with the control of the hide markets of this country, if the packer really does control those markets, appears to give a preatical monopoly.

The argument that the farmer will secure no benefit whatever from the imposition of a duty on hides is the assertion, and the assertion only, of interested manufacturers. They are able, through their control of practically unlimited funds with which to distribute propaganda in support of their claims for preference in the matter of what they insist upon calling "raw material." The farmers and cattle raisers are unable to meet this propaganda except as they come before Congress to point out that the "raw material" of their plants is the sweat of their brows and the elasticity of their muscles. It is the plow and the harrow, the scythe and the pirchfork, which represent "raw material" for the production of the animal which grows the hide that is the "raw material" of the gentlemen who want "free raw material" in order that they may add still greater profits to those which they have piled up since hides were placed on the free list, by doubling the price of the harness which the farmer needs to produce the "raw material" for the shoes which he must wear and which cost him twice as much as they did before Congress removed the duty on hides.

From Commerce Reports for November 7, 1921, I take the latest figures on the importation of hides. The committee will note that during the month of September 64 per cent of the imports of cattle hides were from Argentina and Brazil, where the American packer

so nearly controls the export.

United States Imports of Hides and Skins.

There was a total of 32,805,587 pounds of various kinds of hides and skins imported into the United States during September, 1921; in August the aggregate had been 38,090,047 pounds. Cattle hides represented 49.8 per cent of the month's arrivals (40.6 per cent in August); goatskins, 20.6 per cent (26.5 per cent in August); calfskins, 16.5 per cent (15.4 per cent in August); sheepskins, 9.8 per cent (14.9 per cent in August); other hides and skins, 3.3 per cent (2.6 per cent in August).

The September, 1920 and 1921, imports of hides and skins well ittle variance in the total number of pounds. However, only 1,790,955 pounds of calfskins were imported during September, 1920, and in the same month of this year 5,426,717 pounds, an increase of 203 per cent. Dry calfskin imports rose from 576,596 pounds to 1,611,541 pounds, and the green or pickled from 1,214,359 pounds to 3,815,176 pounds. Goatskin imports likewise were more than double those for September of last year, the gain applying to dry as well as to green or pickled skins. the gain applying to dry as well as to green or pickled skins.

The percentage of the August and September, 1921, imports received from each of the principal countries supplying hides and skins to the United States was:

Imports of his	les and	skins.
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Countries of origin.	August.	Septem- ber.	Countries of origin.	August.	Septem- ber.
Cattle hides:	Per cent.	Per cent.	Calfskins:	Per cent.	Per ceni.
Argentina	32. 2	44.6	France	21.1	25.
Brazil	12.5	19.7	Netherlands	6.7	13.0
Сапада	9.3	15.7	Argentina	6. 2	11.8
Cuba	7.7	7.2	Canada	11.7	8.9
Other countries	38.3	12.8	Other countries	54.3	40.8
Goetskins:			Sheepskins:		
British India	26.6	47.7	New Zealand	52.8	31.5
Aden	3.5	7.8	Argentina	29. 9	24.
China	33. 2	7.6	United Kingdom	5.6	12.
Argentina	9. 5	7.1	British India	.i	5.4
Mexico	1.0	1.6	Brazil	4.8	5.0
Other countries	26.2	28.2	Other countries	6.8	21.

Mr. Cowan. I will undertake to make the statement that throughout the western half of the United States—without exception—the farmers and stock raisers and, of course the poultry raisers, who are all the same people, can not prosper without relief that can be granted only through acts of Congress. They can not stand foreign competition from countries in South America or with China, for that matter, nor India, on these farm products that can be shipped to our shores even if we can ship ours across the United States.

A protective tariff is almost worthless unless we can get transportation for our own products, and we have got to come to a common level so that it is a live and let live policy. We are perfectly willing, as the gentleman said who spoke of eggs, to pay our part of the duty on manufactured articles so far as that goes. It is amazing to me that we could even stop to consider what a tariff would add to the cost of agricultural products not manufactured and shipped, and yet that such a tariff would not add to the cost of shoes, harness, and saddles. We will make them here, and we will raise the stuff from which to make them.

The neighborhood that lives off of its own products is the most prosperous neighborhood. I was born and raised in Tennessee. If we were put to it, we could live there actually upon our own resources—our own labor and work. The Nation is safe when it can do that; and every agricultural interest in this country ought to be so prosperous that all the available lands in this country can be put under cultivation. Labor needs a place to get out and live and stop the concentration of people in these vast cities; and that is the danger point in this country. Only last Sunday Mr. Spiller and I rode through the East Side of New York City. We saw the hundreds of thousands of people who can not read the English language. As we remarked, they doubtless did not know that there was such a place as Grant's Tomb, and perhaps they did not know of the Commodore Hotel; they certainly did not know anything about the policies and principles of government of this country.

But the people on the farms of that same class and nationality, who live out in the West, those who populated that country have become good citizens. With the fostering of agriculture that is the foundation of civilization of this country as it has been in the countries

occupied by the human race everywhere, and I hope that Congress will give it that due consideration to which it is entitled, for in the end it is the safety for capital. Because if agriculture is not fostered, if the country does not build up upon that foundation of citizenship for protection, what is the capital worth? What are the great institutions of this country worth if they are in danger of being destroyed? Because the day will come when these people, not knowing what our principles of government are, being forced by starvation, being forced by --- and then they will wish they had the necessity, will rob the protection that would have given a fair degree of advantage to agriculture to make this country prosperous.

Mr. Mercer and Mr. Spiller will follow me. I am anxious to have

these gentlemen speak, because they represent all of the interests.

I thank the committee for hearing me.

The CHAIRMAN. The committee will now hear Mr. Mercer, of Topeka, Kans. Whom do you represent, Mr. Mercer?

STATEMENT OF MR. J. H. MERCER, REPRESENTING KANSAS LIVE STOCK ASSOCIATION, TOPEKA, KANS.

Mr. Mercer. I represent the Kansas Live Stock Association at this hearing.

The CHAIRMAN. Will you go ahead and state your views concerning

the questions before the committee?

Mr. Mercer. Mr. Chairman, I did not come to Washington to appear before this committee in the interests of tariff legislation, but being here it was suggested by Judge Cowan that I might leave a thought or two with you that would be of consequence. I am not in the habit of appearing before committees or speaking in public, but what I have to say to you will be from the experience of a farmer. I have spent all of my life in agricultural pursuits. Fifty odd years or more I have spent on the farm and know some little about what the farmers have to go through with.

My observation, as I have gone down through my life, has been that farmers built up this country, moved along in a fair way. During the early history and on down to a few years ago, and for a period of 10 or 15 years prior to the World War, it seemed that the farmers of the United States were coming into their own, in a way. They were more or less prosperous, a great many of them, and they availed themselves of privileges of modern life, different, of course, from what they had been accustomed to in the early history of the country.

When the war came on there came a change, and that change has disturbed the agricultural life in the United States, and I speak from that experience. Take, for instance, the people of my own State-Kansas—and I am mighty glad that I can say that I am not here to-day to urge upon the Representatives of this Congress from our State to support tariff measures in the interest of agriculture. Our delegation is solid in that direction. But I hope what I say here today will be of benefit to those who might not know the exact situation of the farmer.

At the beginning, I say, after the war the farmers in our own State, and largely in the Middle West and the western country, were a fairly prosperous people. They responded, I think, to the call of this Government perhaps as earnestly and as patriotically as any class of our citizens. But as a result of the war, no doubt, there has been brought about a condition in the agricultural life of our country that is deplorable. The activities of the Government and the Government's demand upon the agriculture for its support during a time of need has created such a condition that it now seems to be necessary for the farmers of this country to come to the Congress and tell them of their deplorable situation.

Men who have been prosperous, builded up homes for themselves, and educated their families, have been put out of business. I am not exaggerating, gentlemen, when I say that if the farmers of our section, at least, were required to liquidate their debts to-day, 75 per cent of them would be unable to do so, even though they should sacrifice all their property of every description, and that condition has been brought about through the depression of the value of their

properties.

I will illustrate in answer to the question of Senator Curtis a while ago on the cost of some of these things that enter into the farm life, and more particularly live stock. The live stock, especially cattle, is produced during a period of from 1 to 4 years. We take our cow herd on the farm and start the production of our steers with the age of cows running from 2 to 6 years. After they pass the age of 6 or 7 years they are not so prolific and are usually disposed of soon thereafter. The steer is produced and fed on the farm for a year or two, then fattened either where he is produced or shipped to some other locality and prepared for beef.

So you can see that the production of live stock especially to-day on our farms has all virtually originated and come into the farm life since the inflation of prices brought about as a result of the war.

After the armistice was signed in 1918 there was but little reduction in values of any farm commodities until the beginning of 1919. Since that time there is nothing produced on the farm which has not depreciated in value more than half, and sometimes—in a great many instances—two-thirds of the values during the high peak of

the war period in 1917-18.

That is not so with everything that the farmer has to buy; it is not so with most everything with which he has to do. Just the reverse. His interest charge has increased something like 30 per cent, even since 1918. Prices of all of his farm equipments have remained very nearly at war peak prices, clothing and shoes and everything with which he has to deal have kept up at a high level, and he has been called upon to meet the obligated debts that he incurred in order to expand and comply with the demands of his country, with the liquidation of the low value of the output of the farm, and that has been impossible.

So, gentlemen, it has placed him in a desperate position. I would not be here making that statement if I did not know what I was talking about, and I believe I have tried to acquaint myself with the conditions in a large section of my country. I have attended several hearings before the examiner of the Interstate Commerce Commission on the question of the reduction of rates, and I have heard the sworn testimony of men given from the northwest country, the middle west and the south and the southwest, and there is no doubt that like conditions prevail in every agricultural section of the country.

So it is that condition which has aroused the people to come to you in order to see if there are things which can be done to relieve that situation.

To illustrate, in answer to questions I mentioned a moment ago: It costs to produce a 3-year-old steer, taking him from the cheapest production ranges of the Southwest, beginning back in 1917-18 down to 1920-21, with the best figuring possible, \$130 to \$135 per head. I have not the detailed figures with me, but Mr. Spiller may have them. But in a general way I would say that from \$120 to \$135 per head, regardless, now, of whether the stockman produces them here on the farm and follows them up step by step to the pastures of our State, and then on to the feed lots of our own and the other corn-belt States, or whether he sells them—it is immaterial, because the figures are just the same.

In 1918 beef steers were selling at from \$16 to \$18 per hundredweight for a fairly well-finished bullock. During the last 10 or 12 months that steer has been selling at from \$6 to \$9 per hundred.

Senator La Follette. About what weight are they turned off,

so we can get it in value of the individual?

Mr. Mercer. They are turned off at various weights. I am speaking now of the three-year-old steer.

Senator La Follette. Yes.

Mr. Mercer. He would be turned out at a weight, we will say, on a general average, of about 1,200 pounds, depending largely on how he was handled from the time he was a calf until he was made ready for the block. If he was brought from our range country into the market at Kansas City, we will say, and brought by an Iowa feeder and shipped up in to Iowa, fed six or eight months on grain, he would probably weigh 1,400 or 1,500 pounds, depending, of course, on conditions.

But you can see what the producer is losing in every step regardless, I say, of whether he is the original producer of the calf or whether or not he passes his steer into the middleman's hands and into the feeder's hands before he reaches the market.

Those are natural conditions that do not apply so much to the hog business. It is true that the only thing, gentlemen, that the farmer can look to, or has been able to look to, with any degree of breaking even in any manner is the hog business and the poultry business.

I was very much interested in the discussion here this morning. It was surely educational to me. My experience as a poultry man has been that when I was on the farm my wife took care largely of our broods—our family and the chicken's family—and we usually kept on hand 125 hens on our farm, and I never figured that those 125 hens were any cost to me at all. What little labor my wife did or what little labor performed by the hired help was all the cost, because the hens rustled for themselves, usually. So we always felt that the chickens we sold and the eggs we sold, after keeping what we needed ourselves, were really a clear surplus of our farm production. But, of course, with the men who enter into the poultry business it is a different proposition, as I can see, and Prof. Rice's statement here this morning was very educative to me, I am sure.

I have illustrated the conditions out there in our country. I can not understand why Republicans should have to come before a

Number of sheep and goats on farms in the United States, by geographic divisions and States: 1920 and 1910.

Committee of the commit	and aun done		28 44	Here a weed,	, og geograpisk	arment and	THE WINE A MAKE.	400e. 1000 te				"
		Sheep o	Sheep on farms Jan. 1, 1920	.1, 1920.			8	Goats on farms Jan. 1, 1920.	s Jan. 1, 1920			48
Division or State.	Total.1	Lambs under 1 year of age.	Ewes 1 year old and over.	Rams 1 year old and over.	Wethers 1 year old and over.	Sheep on farms Apr. 15, 1910.	Total.	Kids under 1 year of age, raised for fleeces.	Goats 1 year old and over, raised for fleeces.	All other goats.	Gosts on farms Apr. 15, 1910.	TARIFF-
United States	34, 984, 524	8, 931, 706	23, 462, 689	828, 373	1, 494, 032	52, 447, 861	3, 426, 506	530, 763	1, 569, 834	1, 325, 909	2, 915, 125	-AG
Geographic divisions: New England Middle Atlantic East North Central West North Central South Atlantic East South Central West South Central West South Central West South Central Facility	242,706 1,100,884 5,073,005 4,940,408 1,314,163 1,314,163 2,889,238 1,3179,463 5,026,308	51, 015 282, 612 1, 338, 844 1, 552, 471 195, 095 3, 341, 964 1, 319, 833	178,657 728,752 3,376,553 3,190,395 929,248 1,017,315 1,668,126 9,017,221 3,357,422	7, 908 11, 908 11, 908 11, 908 10, 485 10, 683 106, 484	24,524 24,524 24,524 24,524 25,534 316,312 316,312 316,312	23, 672 24, 642 25, 642, 234 5, 642, 234 5, 665, 609 2, 466, 221 2, 1183, 653 27, 770, 281 5, 582, 167	6 033 7,064 33,550 150,011 229,338 325,686 1,986,931 451,607 256,274	3, 215 3, 373 6, 104 17, 914 2, 556 8, 918 377, 320 67, 257 47, 101	629 111, 473 12, 478 12, 498 11, 112, 696 1, 112, 696 193, 174	2, 189 15, 958 15, 958 214, 284 224, 736 276, 736 191, 176 48, 715	3, 196 35, 658 35, 658 113, 216 211, 101 196, 644 1, 276, 244 327, 644	RICULTURAL P
New England: Maine. New Hampshire. Vermont: Masschunetts Rabode Island. Connecticut	119, 471 28, 021 62, 756 18, 880 2, 736 10, 842	23, 6, 281 12, 281 7, 48 7, 48 684 684	90, 049 20, 257 47, 088 11, 896 1, 814 7, 553	3, 967 861 1, 865 662 104 389	1, 795 612 833 1, 544 134 208	206, 434 43, 773 1118, 551 32, 708 6, 789 22, 418	476 3,574 124 1,296 116 447	85 85 85 84 84 84 84 84 84 84 84 84 84 84 84 84	2823	365 206 37 1, 106 88 381	582 495 1,251 106 500	RODUCIS A
Middle Atlantic: New York New Jersey Pennsylvania	578, 726 10, 471 511, 667	152, 124 2, 129 108, 359	400, 402 7, 773 320, 577	14,000 383 17,100	12, 200 186 65, 631	930, 300 30, 683 883, 074	2, 580 642 3, 842 248	212	308 115 410	2,145 615 3,198	3, 475 574 2, 530	IND I
ESS. North Ceptral. Ohio Indians Indians Michigan Wichtigan	2, 102, 550 643, 889 639, 819 1, 206, 756 479, 991	536, 023 152, 832 183, 902 354, 391 111, 666	1, 336, 429 463, 725 420, 122 808, 734 346, 543	. 20, 20, 20, 20, 20, 20, 20, 20, 20, 20,	187, 475 8, 034 15, 029 15, 606 8, 380	3, 909, 162 1, 336, 967 1, 059, 846 2, 306, 476 929, 783	2, 872 10, 5872 10, 583 2, 8614 2, 884	394 1,781 3,654 192	398 1, 078 4, 840 856 856	3,541 3,400 1,433 1,433	7,7,7 12,73 12,280 1,280 1,280 1,290 1,200	LIOVISIO
west vorm central. Minnesofa Jowa Missouri Missouri North Dakota	209, 064 1, 092, 096 1, 271, 616 288, 912	. 136, 685 359, 754 314, 127 75, 812	351, 691 691, 288 910, 257 209, 323	14,073 26,121 32,786 6,965	6,615 14,932 14,446 6,823	637, 582 1, 145, 549 1, 811, 268 293, 371	10, 526 10, 626 121, 012 1, 250	292 443 12, 385 80	1, 808 1, 808 51, 745	7, 8, 27, 1, 25, 882 1, 982 1, 021	20, 588 20, 664 72, 415 1, 074	No.
¹ The United States total includes 289,725 sh Wyoming, 62,850; Colorado, 54,022, and Arizma	725 sheep not	ot classified by	by age or sex	K. This number	aber is distri	is distributed by States		as follows: Nebraska, 35,637; Florida,	, 35,637; Flo	rida, 3,835; Idaho,	daho, 29,800;	

Wyoming, 62,850; Colorado, 54,022, and Arizona, 83,581.

Number of sheep and goats on farms in the United States, by geographic divisions and States: 1920 and 1910—Continued.

		Вреер от	Sheep on farms Jan. 1, 1920	1, 1920.			Ф	Goats on farms Jan. 1, 1920.	s Jan. 1, 1920		
Division or State.	Total.	Lambs under 1 year of age.	Ewes 1 year old and over.	Rams 1 year old and over.	Wethers 1 year old and over.	Sheep on farms Apr. 15, 1910.	Total.	Kids under 1 year of age, raised for fleeces.	Goats 1 year old and over, raised for fleeces.	All other goats.	Goats on farms Apr. 15, 1910.
West North Central—Continued. South Dakota. Nebrasha. Kanasha.	867, 036 540, 583 361, 102	232, 274 286, 833 116, 986	600, 767 195, 546 231, 523	16, 219 5, 902 7, 439	17, 776 6, 665 5, 154	611, 264 283, 500 272, 475	5, 040 6, 937	3, 188 619 907	1, 296	1, 083 4, 404	2, 337 8, 847 8, 847
Botton Australia Delaware Maryland District of Columbia	3, 220	13,031	2,331 85,480	3,885	621		91 873	13	190	252	1, 183
Virginia West Virginia North Carolina South Carolina Georgia Fiorida	345, 151 29, 831 32, 284 33, 415 659	41, 061 82, 858 17, 469 113, 274 9, 289	286, 070 392, 790 65, 562 16, 293 35, 919	55.55 15.75 17.22 17.23 14.03 1.40 1.40 1.40 1.40 1.40 1.40 1.40 1.40	18,236 1,77,128 1,583 1,583	804,873 910,360 214,473 37,559 113,701	23,7,9 23,7,003 31,9912 110,485 24,582	1, 202 1, 202 129 47 47 513	2841 280 175 175 281 281 281 833	6,72 2,46 20,46 31,73 3,13 3,0 4,0 4,0 4,0 4,0 4,0 4,0 4,0 4,0 4,0 4	7, 327 5, 748 35, 019 24, 750 89, 616 47, 371
East South Central: Kentucky Tennessee Alabarna	707, 845 364, 196 81, 868 164, 440	88, 452 59, 922 15, 187 31, 534	583, 997 281, 774 51, 728 99, 816	28, 864 17, 770 4, 989 12, 163	9, 4, 6, 532 9, 964 927	1, 363, 013 795, 033 142, 930 195, 245	35, 045 73, 228 104, 118 113, 777	1, 288 7, 139 190 291	13, 409 13, 782 837 837	29, 338 52, 307 103, 002 112, 149	8,8,6,3, 88,8,8,3,
wes fount contrain Affansas Louisiana Oklahoma Texas	100, 159 129, 816 106, 871 2, 552, 412	22,22,22,23,23,23,23,23,23,23,23,23,23,2	68, 882 81, 658 70, 428 1, 447, 158	2,271 2,271 2,230 2,907	18,365 18,365 3,327 529,538	144, 189 178, 287 178, 472 1, 808, 709	123,800 91,249 45,276 1,706,606	4, 713 165 8, 766 363, 676	15,121 904 23,611 1,073,063	103, 986 90, 180 12, 899 266, 867	58, 294 57, 102 25, 591 1, 135, 244
Montans. Gabo. Wyoming. Colorado. New Mexico. Arisons. Utab.	2,082,919 2,356,270 1,832,255 1,840,475 1,640,475 881,914 1,691,795	509, 400 446, 440 379, 124 374, 128 374, 568 374, 568 376, 522 407, 622 206, 619	1, 468, 732 1, 789, 631 1, 331, 436 876, 416 1, 172, 525 531, 818 1, 231, 341 615, 322	88.88.88.88.88 88.88.88.88.89	72,051 36,756 10,087 13,165 27,641 87,670	5,380,746 3,010,478 5,387,161 1,428,214 3,346,984 1,226,733 1,827,180	1, 282 1, 516 1, 516 28, 688 226, 862 161, 124 1, 123	12 1, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2,	601 615 334 97,478 71,138 17,596	22, 29, 20, 20, 20, 20, 20, 20, 20, 20, 20, 20	5,716 4,739 2,650 2,650 4,950 4,850
Pacific: Washington Oregon. California	623, 779 2, 002, 378 2, 400, 151	151, 969 551, 313 616, 551	438, 571 1, 302, 142 1, 616, 709	10, 573 32, 941 62, 920	22,666 115,982 103,971	475, 555 2, 699, 135 2, 417, 477	6, 830 133, 685 115, 750	25, 867 20, 578	2, 119 99, 899 58, 640	4,055 8,119 36,541	8,621 185,411 138,413

stances. So the decrease in demand affects the country town and the small places much more, perhaps, than it does our larger cities, where industrial life is quite active.

I do not know, Senators, that I have anything further to say. If there are any questions to be asked me, I would be mighty glad to

tell you anything I know from my viewpoint as a farmer.

Senator Jones. Mr. Mercer, from your study of the retail trade is it your thought that this large percentage of excess over cost must be charged to the large number of retail establishments and the overhead and other costs of maintaining so many retail establishments?

Mr. MERCER. Absolutely; that is my viewpoint of the situation. Senator Curtis. I asked you the question regarding what you said a moment ago about how little the duty would affect the retail price that is why I wanted it in the record.

Mr. MERCER. How is that?

Senator Curtis. I asked you to answer the question as to what you found, because I understood you to say a few minutes ago that what little duty might be imposed would not affect the price very much.

Mr. Mercer. I do not think it would. To answer your question. Senator Jones, I think that is absolutely the situation with regard to a great many of the commodities with which we deal now. We have a store on this corner and a store on that corner, and one on that corner in every little town, where one thrifty, active business would take care of the whole situation. They have got to pay overhead. they have got to pay for upkeep. Some people say it destroys competition to have but a few stores, but there is no competition where existence is at stake and it is the volume of business which regulates the costs. You take in a great many instances where men have a large volume of business in these particular lines, and they are really profiteering. And here [illustrating] may be the man who has a small volume of business in the same line, and it is no trouble for him to show he was running behind financially. I do not know how these things can be corrected. Of course, I do not think that is up to Congress to correct, but it is a condition that prevails in the United States, and it will have to be corrected in some way, because it causes the living expense to be too great.

Senator JONES. Mr. Mercer, you rather indicated that you did not think the tariff would increase the price on these commodities to the consumer. Is that the theory on which the merchant is selling his product for all he can get for regardless of what it cost? If the tariff operated so that it raised the price at all somebody would have

to pay it?

Mr. MERCER. Yes; it naturally would be so. But the tariff would be so small, so inconsiderable at the time, that it would reach the consuming public that it would not affect the general line of business.

Senator Jones. Let us take beef. I believe we are asked to put a tariff of 4 cents a pound on beef. Would the effect of such a tariff be to raise the price of beef at 4 cents a pound anywhere?

Mr. Mercer. I do not think so.

Senator Jones. Why not, Mr. Mercer?

Mr. Mercer. Well, because the supply and demand would be the controlling factors. If we were producing a plenty in this country

to feed our people, that 4 cents a pound would have no effect whatever on what the public would pay for the meat.

Senator Jones. That is because we do produce in this country a

sufficient supply of meat and we export meat to some extent?

Mr. Mercer. Yes; we export a considerable amount of meat.
Senator Jones. Then what, in your opinion, would be the beneficent effect to the producer out of a tariff on meat?

Mr. MERCER. Well, I think it would be this: We have had hides brought into this country without any duty for some time without reducing the price to the buyer of shoes or harness.

Senator Jones. I can see how a duty on hides would help, because

we import a vast quantity of hides.

Mr. Mercer. I hardly know how to answer you, but will just illustrate my position in this way: The meats imported must come into this country in a different condition from that in which we produce them. They come in in a frozen condition, and only reach our seaboard towns and cities—those particular points where the

greatest consumption of our own product is called for.

I understand that when I was here before that frozen beef and lambs from Australia and Argentina were selling in the markets of this city at about 6 or 7 cents less a pound than our own meat was That is, the wholesale price was 6 or 7 cents lower than American meat, but the consumer did not benefit. That seemed to me to be criminal, when we had an overproduction—according to the statistics and according to the information we could get from every source—in this country; that our farmers out in the West in the section where they produce these vast herds of beef and mutton are having to compete against the importation of that frozen meat which came into this city and other cities along this seaboard, to deprive our people of the higher value which the meat would naturally fetch back there, because that is the history of business; the dealers would come back and say, "We have got to compete with this imported cheaper meat." And by reason of the duty being high and as I stated before the Ways and Means Committee that I hoped there would be an embargo placed against the importation of that meat, and that it would be kept out of this country.

Senator Jones. Does that trade promise to be a permanent con-

dition?

Mr. Mercer. I do not know why it should not be. We can not produce in the United States, under our conditions of living and the kind of citizenship we have, in competition with Argentina and other South American countries, and if they are permitted to occupy our markets they will continue to ship to those markets.

Senator Jones. The thing that concerns a great many people is about this fact, that last year we exported 24,059,711 pounds of canned beef; we exported 9,749,148 of fresh beef; we exported 25,771,176 pounds of pickled or cured beef; and the year before, in 1919, we exported a great deal more than that—I should judge pretty

nearly twice as much as the previous year.

Mr. Mercer. I expect so.

Senator Jones. And we imported beef and veal in the months ending September of these years of beef something over 28,000,000 pounds and exported 2,037,000,000 pounds, in 1921 something over 13,000,000 pounds; and of mutton we imported in 1919

6,000,000 pounds plus, in 1920 49,000,000, in 1921 about 19,500,000 pounds. Of course the importations of pork products were very small, but they amounted to something. Where does that beef and veal come from that is imported here?

Mr. MERCER. Of course I do not know without looking at the record, but I would say largely from Argentina and Brazil and South American points, and of course the mutton in great quantity from

New Zealand and Australia.

Senator Jones. Those countries export a great deal of those products, do they not?

Mr. Mercer. I think so; yes, sir.

Senator Jones. They export a great deal to the same markets where we send our exports?

Mr. MERCER. I presume they do; I think the record shows that. Senator Jones. Then how can that be a permanent situation reach-

ing any considerable magnitude if we are exporting?

Mr. Mercer. It is just the general conditions of the country that are going on from year to year that naturally follow up one year after another. I would say this, that if we prohibited by an embargo or even a high tariff the importations of the meats that you refer to we would not have exported so much meat, because our people would have consumed it at home, and we would probably have had a more even keel on prices.

I am very strong for looking after our home people first.

Senator Curtis. Reports, Senator Jones, say that 72 per cent of our importations of beef were from Argentina.

Mr. Mercer. It must be mostly from down there. Senator Jones. It came from Argentina and Canada? Senator Curtis. It came from Argentina and Canada.

Senator Jones. We are selling our meats abroad in competition with those countries, and at the same time they are shipping some of their meat in here. It looks like rather a strange situation, and if we could get at the reasons for it, I think it would be of value to us.

Mr. Mercer. I think Judge Cowan illustrated the reason—that the people who have the meat to export from Argentina are going to export it to the best market they can find, and perhaps at the time they exported it the United States was the best market they could find. Newspaper reports from England this week say that there is a glut in the market that would naturally result in diverting South American beef to this country.

Senator Jones. The suggestion was made here by Judge Cowan that those importations into this market were made by the very people who are exporting from this market to other countries.

Mr. Mercer. The record shows that that is largely true. The large packers who are operating in the United States are operating in Brazil and Argentina and Australia, and New Zealand, and, of course, they are seeking the market where they can find it in any port in the world, and have the same interests there in their business operations as here, I presume. I do not know just the percentage of meat they export, but it is quite a percentage of the meat that is exported from those countries by the same people who buy and manufacture the meat of our own country and export it and sell it here.

Senator Jones. If we put a tariff of 4 cents a pound on meat, you do not think that would not raise the price to the consumer, but you do think that it would have the effect of keeping out of this market

any of these importations?

Mr. Mercer. No; I do not think it would. I think there would be importations made to this country, because they would pay the duty and come when the market would warrant them in doing so. I believe this, Senator, and I feel it conscientiously, that within two years from now that unless there is a change in the conditions of the live stock farmers of this country, we will have a tremendous and terriffic scarcity. I do not know how it is possible, if the conditions continue as they are now, for our people to produce what our people want. We have got to change the situation some way, or else our stock-raisers are going to quit—they are quitting.

Senator Jones. The thought has arisen that our exports of fresh beef were of the high grades of fresh beef, and that the frozen beef was coming into this country to supply a greater demand of cheaper

beef.

Mr. Mercer. That applies in a measure, but not altogether. We have some as fine frozen meat imported into this country as we export from this country. The records will show that. But the larger portion of meat comes in here from foreign countries in compe-

tition with what we might class our lower grade meats.

Senator Jones. I am inclined to believe that the majority of people will think that if you raise the price of the meat to the retailer that the retailer will consider that in fixing his sale price, and that that will result in the raising of the level of meat prices. But it is thought also that even if that should result that this country must do something of that sort in order to keep up its meat supply and not be dependent on other countries for the supply of meat.

Mr. Mercer. Of course, when we get to that, that can be considered. But I do not think that should be considered now. I think that the resources of this country are ample to the extent that we can produce all that we need and more provided we are protected and that our people deserve the protection of its Government to the extent of prohibiting the importation of competitive products of their

farms to destroy the value of their output.

Now, to answer partially your question, you take the prevailing prices that the consumers pay. You have in this country to consider the selling public as well as the producing public, and which I think has been done. To-day the consuming public is paying for the meat food of this country just a little percentage less than they paid when the producer was getting 100 per cent more for his product than he is getting to-day.

Then, if that be true, the importation of foreign meats in here has

not any bearing upon cheapening our living at all.

Senator Jones. What remedy did your committee suggest for

meeting this situation which you have just referred to?

Mr. MERCER. I do not think that they have come to any conclusions as to a remedy, only that we favor, of course, a reasonable tariff, That will relieve in two points: It will help to support the Government financially and it will help to protect in a way our home industries.

Senator Jones. I can see how the producer will get some relief from tariff on meats in stabilizing the market, and perhaps the tariff would not raise the price of meat very much even to the consumer. But it would stabilize the market. But there is that great situation in which the consuming public is more interested—the extreme spread between production costs and the consumers' cost.

Mr. Mercer. I understand our Department of Agriculture is

making exhaustive investigations of that question now.

But to illustrate that point, less than a year ago, when it was noised and heralded abroad all over this country that there were so many cargoes of frozen lambs coming in here what happened to our sheep industry? It dropped 40 or 50 per cent in value. I do not think the consuming public ever got any benefit of the drop. They never did in our section of the country, although they might in the East.

Senator Jones. I doubt if they did in any section of the country. Mr. Mercer. That is the situation we are all in. We are just relating to you our side of how we see it, and it is a condition that we know exists among us, and it has all come upon us so unfortunately in the last few years, that if any industry in this country, regardless of what the past might be, needs protection by its Government to-day it is agriculture. There is no question about that.

Senator Jones. I agree with you absolutely about that, Mr.

Mercer.

Mr. Mercer. And the question of values—the live stock alone

aggregates two-thirds of our national debt in value.

Senator Jones. My thought is this: If you are to benefit your agriculture with a tariff, the only way in which that benefit can be made material would be in the price of the product to the producer, and the thing that we should do is to raise that price to the producer so that he can produce at a reasonable profit, and then take some other step to lower this price to the consumer, and do away with this expensive spread between the producer and the consumer.

Mr. Mercer. I think that is sound, and I also think that you can not make any mistake. We are a living people; we are moving along, and if Congress should make a mistake in putting too high a

tariff on, another Congress could reduce the tariff.

I hope this Senate committee will put hides on the dutiable list,

and raise the tariff on some other agricultural products.

The Chairman. The committee will next hear Mr. E. B. Spiller, if he desires to be heard to-day.

STATEMENT OF MR. E. B. SPILLER, REPRESENTING TEXAS AND SOUTHWESTERN CATTLE RAISERS' ASSOCIATION, FORT WORTH, TEX.

The CHAIRMAN. Where do you reside?

Mr. Spiller. Fort Worth, Tex. The membership of the Texas and Southwestern Cattle Raisers' Association are producers of cattle in the States of Texas, Oklahoma, and parts of New Mexico, Arizona,

and some have ranches, of course, in Kansas, too.

It is so well known that it is needless for me to go into the condition of the live-stock industry to-day. I was raised on a ranch and have been connected with this association for 20 years now, and I have never seen or known of such deplorable conditions as exist

to-day. When you see it as I do, it is pitiable indeed. There are these men whom I have known all of my life and with whom I have been associated; I know that they have struggled, men and their families, to build up and to make their living out of the ranch business. They did build it up, and they have a ranch on which the man and his family, as a rule, have been doing practically all of the work. The market conditions have been such that they have suffered enormous losses. They, as a rule, are not people who apply to the Government or to anyone else for help as an individual. But conditions exist to-day so that it is impossible for them to continue in

business unless some measure of relief is extended to them.

As to what benefit a tariff on cattle and hides would be to the livestock producers, I see it in this way: We know that in Argentine, Brazil, New Zealand, and other countries that produces live stock, cattle and sheep, in very large quantities, the same people who handle the live-stock products of those countries are the big packers of this country. They can throw on our markets at any time they desire enough beef to demoralize our beef market, and they can throw upon our markets at any time they desire enough mutton to demoralize our mutton market. That is not speculation; that is not what we believe—but it is what we have seen done time and again in the past. We ask for those people who are struggling to try to remain in the business, to rehabilitate the business, that they be given the benefit of a tariff that will take away the danger of having their market destroyed in that way. That is the plain statement of facts. That is all we ask for. We are not asking for any special favor or any protection. We are people who have been in this business and want to stay in it. We feel that we are an important industry, one that has a large part on the production of food for the American people.

When I think how these people are struggling to get along, I realize that probably few of you comprehend the conditions. We can tell you about it. There is not a man in the cattle business in our country that I know of who does not know what the foreign competition in dressed meat and hides will do to the markets. It has been done. Every one of them has felt the effect of it in the market, and they all want a tariff duty that will take away the

danger of that thing.

That is the benefit of a tariff measure as we see it.

I can not go into details and give you any figures. They have all been filed here. But I would it were possible, gentlemen, to express my feelings and my views, as well as the gentleman from Cornell University, in regard to poultry. But this country is a country for Americans, for our producers. We are entitled to our home market. We produce a surplus now, and we certainly do not want to be the dumping ground for the surplus produced in other countries by people who care nothing about our people, who pay none of taxes and have no interest in us.

Senator JONES. Mr. Spiller, I would like you to give us, if you will, a little picture of how the free range has disappeared and how the cattlemen now own to a great extent their lands and grazing lands, and if you think it is correct how the breeding end of the industry has practically gotten onto a farm-cost basis of breeding, so far as

the supply in this country is concerned.

Mr. Spiller. Oh, yes, there is no free range, and the cost of production has increased on account of increased values of land. Where a man has bought land, he has had to pay a high price for it in the last several years; the cost of leases have been higher: his taxes as he has gone along have become higher—everything he

has bought has been increased in price.

The day of the free range has long gone by, and that condition that existed many years ago that made the business very profitableall those conditions that existed in the early days that eliminated the expenses are gone. The operation of a ranch now is a business proposition, with overhead expenses and other expenses, the same as any other business in the United States that requires good business management to operate.

Senator LA Follette. Even under the very best of conditions!

Mr. Spiller. Even under the very best of conditions.

Gentlemen, I am not a tariff expert or artist, but I state to you the condition of the people I represent.

Senator LA FOLLETTE. If you know of any people in the world

need help it is the cattle people?

Mr. Spiller. I am just one of the cowboys. I want to make one other statement. I am in the cattle-raising business in Texas. I have been with them practically all of my life. They are very much interested in this tariff proposition. Some might say, being so much interested, why are they not here? The plain fact is that they do not have funds available to come here on.

The Chairman. That statement closes the hearings until next

Mr. Cowan. I would like to reserve the right to analyze some of these statistics in a very short way that may be thought later on to be of some value to your committee. I do not know that I shall have the time, but I should like to reserve that right.

The CHAIRMAN. If you prepare anything, the committee will be

glad to consider it.

(Thereupon, at 2.25 o'clock p. m., the committee adjourned to meet Monday, November 14, 1921, at 10.30 o'clock a. m.)

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TARIFF

SCHEDULE 7—AGRICULTURAL PRODUCTS AND PROVISIONS

U. S. Congressi Service.

HEARING

BEFORE THE

COMMITTEE ON FINANCE UNITED STATES SENATE

SIXTY-SEVENTH CONGRESS
FIRST, SESSION

ON

H. R. 7456

AN ACT TO PROVIDE REVENUE, TO REGULATE COMMERCE WITH FOREIGN COUNTRIES, TO ENCOURAGE THE INDUSTRIES OF THE UNITED STATES,

AND FOR OTHER PURPOSES

NOVEMBER 10, 1921

PART 36A

l'rinted for the use of the Committee on Finance

WASHINGTON
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1921

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AGRICULTURAL PRODUCTS AND PROVISIONS.

THURSDAY, NOVEMBER 10, 1921.

United States Senate, COMMITTEE ON FINANCE, Washington, D. C.

The committee met, pursuant to adjournment, at 10.30 o'clock a. m., in room 312, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La

Follette, Curtis, Watson, Calder, and Jones.
Present also: Senator Frank R. Gooding and Senator Bert Fernald of Maine.

The CHAIRMAN. The committee will now hear Prof. Rice of Cornell University, representing the American poultry industry.

STATEMENT OF PROF. JAMES E. RICE, REPRESENTING THE AMERICAN POULTRY ASSOCIATION, ITHACA, N. Y.

Prof. Rice. Mr. Chairman and members of the committee, I represent the American Poultry Association having membership in all of the States and including many branches and affiliated national, regional, State, and local organizations and individual members. I also represent myself, as a farmer with 177 acres, and 1,400 hens. But more particularly I desire to appear here in a capacity, which I think is more important than either one of those mentioned in this particular event, and that is my position as a teacher and investigator in Cornell University, in the college of agriculture, as head of the poultry department.

When this question of tariff legislation came up the American Poultry Association asked me to make a scientific study, in so far as facilities were available, of the world poultry situation as it related

to a protective tariff.

When we appeared before the Ways and Means Committee last spring, we confessed to the committee, as you will see in the copies of our testimony, and the brief that we are leaving with you, that we were not prepared to take a final position in making recommendations. But we gave the best that we had at the time. Since then we have spent a large amount of time in an effort to arrive at the truth as to the needs for a tariff on poultry and eggs and egg products, and I want you men to accept my word for it that I am more concerned as to the accuracy of the figures and facts that I am going to leave with you than I am in the welfare of the poultry industry or for my personal interest in poultry husbandry, because, first of all, we should be good Americans.

If any of our findings can be used as an argument against a protective tariff I am going to say them just the same, because what we want and what you men want, is to go before the American people with a protective tariff that will stand as sound and for the best interests of the consumer, for the producer, and for all concerned.

I am going to have available for you and leave with you therefore the results of our studies, with some 350 pages of typewritten material, 58 illustrations, and in addition some 10 or 12 illustrations that have not yet been included. Some of these illustrations I would like to present to you to-day in the form of charts because I find it will save your time, it will save my time, and it will be infinitely clearer. Somehow I can not make a thing clear to anyone else unless I understand it myself, and I can not understand it myself unless I graph it and get it into form that the eye can understand as well as the ear. Therefore, with your permission, I would like to have my colleagues hold up just a few of these statistical studies, to see if we can get an idea of the world poultry situation as affecting the United States.

The first study, figure 1,1 and Table I represents the importations of eggs and egg products into the United States during 1920 amounting to \$13,878,795, of which only \$309,651 was shell eggs.

It will be clear, therefore, that the great mass of importations into this country are egg products and not eggs in shell. There is a distinct reason for that condition; the reason is that the exporters in China find, first, that by breaking the eggs they can utilize a poorer grade of eggs than they could possibly export in the shell. That is true also in this country. The cracked and poorer quality, but not bad eggs, go into the prepared product. Second, that freezing and drying of eggs reduces transportation costs; third, it reduces storage costs; fourth, the manufacturers are able to standardize their product and therefore are able to sell it with a great deal more efficiency and dispatch; and fifth, they are able to make their contracts in the spring of the year when the great proportion of the egg supply is purchased at low cost, and therefore to sell it under contract for a year in advance, as has been stated, to be delivered throughout the entire year, as wanted through their large distributing agencies in this country, because they know early in the year the approximate quantity and cost of the yearly output.

Therefore, we see that the United States is materially affected by the volume of product coming from the Orient, amounting to \$6,528,598, and, I think if the truth were known, much of this prepared product imported from Europe originally came from Chinabecause we find American capital and English capital dominating in the oriental egg trade, but now some other countries, and the Chinese,

are engaged in this Chinese egg industry.

Our problem, gentlemen, is not simply to meet competition with the cheap labor of China; our problem is to meet a combination between large American capitalists syndicating the cheap labor and natural resources in China. These large corporations, although sometimes apparently under different names in the two countries, are doing business in China and transporting their products into America to be sold through their large distributing agencies on this side.

¹ On file with Senate Finance Committee.

A few weeks ago I returned from Europe after spending a couple of months trying to find out in the time available the poultry situation over there; and I am prepared to say that it is my judgment that we are going to see greater importations of egg products from China in the very near future than we have had in the past. In London, the greatest egg market in the world, I saw, in a single establishment owned by a man who has been in business for 40 years as an importer of eggs and egg products, eggs from China, Lithuania, from Poland, from Holland, from Denmark, from Australia, from Ireland, from Scotland, from the Balkan States, from North Africa, and South Africa, and from some others, and the dealer told me if I would stay two or three days he would show me eggs from Argentina and from Canada which were on the way. This was a fair example of my experience with other importers. The general consensus of opinion among these men is that we may expect to see greater importations from China to the United States than we have had in the past.

In other words, as soon as the world production begins to get back to normal in the European countries and eggs from cheap-land, cheap-feed, and cheap-labor countries flow into the London markets, and this trade is increasing, there is going to be a greater tendency for the products that have been going into London from China to find an outlet in America. All the world appears to have its eyes on American

gold and our better living conditions.

(Figure 1 is on file with Senate Finance Committee. Table I referred to and exhibited to committee is here printed in full as follows:)

TABLE I.—Imports of eggs (shell) and egg products, United States, 1920.

	Eggs (shell).		Egg products.	
Countries.	Dozens.	Value.	Pounds.	Value.
hina. longkong apan .ngland cotiand	846, 863 269, 567 84, 755 68	\$228, 371 93, 213 34, 957 94	25, 646, 791 53, 253 131, 475 2, 378, 752 45, 000	\$5,093,15 19,06 59,83 627,65 38,47
etherlands orway. anada rgentina ustralia. vew Zealand british West Indies.	276, 392 21, 000 209, 718		67, 600 340, 000 311, 052 48, 414 240	15, 96 139, 40 228, 12 11, 81
British India.	300	119		· · · · · · · · · · · · · · · · · · ·
SUMMARY.			1	
Asia Gurope NorthAmerica Outh America	1, 201, 185 68 276, 392 21, 000	356, 541 94 159, 301 8, 737	25, 831, 519 2, 831, 352 311, 052	6, 172, 05 821, 48 228, 12
Oceania.	210, 056	93, 236	48,645	11,94
· Total.	1, 708, 701	617. 909	29, 022, 577	7, 233, 61

Total value of imports of eggs (shell) and egg products, United States, 1920.

China	\$6, 321, 526	British West Indies	\$23
Hongkong	112, 280	British India	119
Japan	94, 792	<u> </u>	
England		Summary:	
Scotland		Asia	6, 528, 598
Netherlands	15, 964	Europe	821, 583
Norway	130, 400	North America	387 , 42 2
Canada	387, 422	South America	8, 737
Argentina	8, 737	Oceania	105 , 183
Australia		-	
New Zealand	131 ;	Total	7, 851, 523

Figure 2 and Table II show the total exports of eggs and egg products from the United States and the countries to which they were exported. The total amounts of exports to each country is shown graphically on the same mathematical scale as in the case of the imports shown in figure 1.1 It will be seen that our total exports were \$13,878,795 in 1920 as against total imports in the same year of \$7,851,523, a balance of trade of exports over imports of \$6,027,272. Of this amount our export of shell eggs was \$13,569,144, and of egg products \$309,651 as against our imports of egg products of \$7,223,614. of shell, eggs, \$617,909. It is clear, therefore, as shown by the graphs and the figures that practically all or to be exact 92.11 per cent of the importations are egg products rather than shell eggs, and that practically all, namely, 97.69 per cent our exports are shell eggs and not egg products. The graphs showing imports indicate in a striking manner the fact that the Orient is our principal source of eggs and egg products of which almost the entire amount \$6,321,526 is received from China, and that in addition to this \$94,792 came from Japan, and \$112,280 from Hongkong, which should be considered as from China, making a total of \$6,528,598 or 83.25 per cent of total imports from the Orient. It will be seen that nearly one-half of the importations from Canada, namely, \$159,301, or 41.12 per cent of the total were shell eggs as compared to \$228,121 in egg products, which, it is a safe guess, originally came from China. value of importations from Canada was \$387,422.

It is more than likely that the \$627,744 worth of eggs and egg products imported from England together with the imports of \$38,475 from Scotland and those from other European countries also came originally from the Orient. When we realize that the most reliable estimates of the number of fowls in China is 400,000,000 or 100,000,000 more than the United States, namely, 25 per cent more, we understand the menace of oriental competition. The importations from Australia on the other hand are largely shell eggs, these being imported during our periods of highest prices; which is the period of largest production and low prices in Australia where the spring season occurs at the same time as our fall and winter in the United States.

The export figures show that Cuba is by far our largest customer for eggs, almost exclusively shell eggs, taking \$6,368,757 worth, and that Canada is next in importance, receiving \$3,369,096 worth. The Canadians are large buyers, notwithstanding the fact that Canada imposes a tax of 3 cents a dozen on American shell eggs, whereas we

¹ On file with Senate Finance Committee.

in our mistaken benevolence permit her to enter our markets free

of duty.

(Figure 2 is on file with the Senate Finance Committee. Table II referred to is here printed in full, as follows:)

Table II.—Exports of eggs (shell) and egg products, United States, 1920.

G. waterbase	Eggs	(shell).	Egg prod-	Total
Countries.	Dozens.	Value.	nets.	value.
ussia in Asia.	690	\$326	\$659	\$98
reece			183 3, 080	18
hina			3,080	3, 06
utch East Indies			125	12
pan zores and Madeira	1,770	1,080		1,08
elgium	467,770	230, 026	435	230, 46
ermany	100,650	58, 335	7, 727	. 66,06
etherlands	45,000	25, 500	230	25, 7
orway	750	450	463	1 706 21
ngland	2,634,276	1, 513, 036 906, 281	193, 274	1, 706, 31 906, 32
otland eland	1, 661, 940 15, 000	8,010	100	8, 01
rance	10,000	, 0,010	5, 120	5, 12
al v		1	4, 370	4, 37
oland and Danzig			16	
nain			2, 230	2, 23
wadan			750	75
urkey in Europe			57 128	12
urkey in Europe. byssinia. ritish South Afric a.			28	1
riush South Airica	48, 223	30, 335	570	30, 9
ritish Honduras	390	277		27
anada	7, 078, 137	3, 333, 658	35, 438	3, 369, 09
uatemala	64	53	23	
onduras	19, 530	10, 607	229	10, 83
icaragua	210	118	566	245 00
anama	371, 865 600	345, 132 250	300	345, 69 25
alvador lexico	1, 749, 839	755, 374	2, 593	757, 90
ewfoundland and Labrador	81	40	4, 790	4, 8
ritish Jamaica	1,620	1,003	147	1, 18
ther British West Indies	2, 298	1, 346	122	1, 46
uba	12, 440, 565	6, 347, 594	21, 163	6, 368, 7
irgin Islands of the United States	299	246	10	2
Ominican Republic	200	102	39 43	14
osta Ricarinidad and Tobago			10	•
utch West Indies			2	• • • • • • • • • •
razil	5	25		
rgentina.			8, 924	8, 9
hile			14, 170	14, 1
olombia			432 130	4:
quador			89	1
eru enezuela.			1	•
ustria			87	
inland			900	90
eland and Faroe Islands			140	1.
ew Zealand			48	
			25 10	
rench Oceania			10	
SUMMARY.				
cio.	690	326	4,090	4. 4
sia Europe	4, 927, 156	2, 742, 658	214, 890	4, 4 2, 957, 5
North America	21, 713, 921	10, 826, 135	65, 735	10, 891, 8
outh America.	5	25	23, 746	23, 7
Ceania.			1, 160	1, 19
	00.041.777	19 500 141	200 051	12 070 7
Total	26, 641, 772	13, 569, 144	309, 651	13, 878, 7

Prof. Rice. Figure 3¹ and Table III show graphically the quantity and value of the imports of eggs in shell, and egg products entered for consumption in the United States, including both entries for immediate consumption; withdrawals from warehouses for consumption; and the duties collected for the year 1920. It will be seen that the quantity of shell eggs in dozens is about equal to that of the frozen or liquid egg albumen, dried whole eggs, and dried egg albumen, and that each of these is greatly exceeded by eggs frozen or otherwise prepared or preserved in packages, and of frozen, liquid, or dried egg yolk. In the case of the eggs frozen there were 9,187,355 pounds valued at \$1,503,932, paying a revenue of \$183,747, and there was approximately the same amount of frozen, liquid, or dried egg yolks, namely, 9,109,774 pounds, having about twice the value of the frozen whole eggs, or \$3,443,048, yielding a revenue more than twice as great as the frozen eggs, of \$344,304.

It is clear from these quantities and values that apparently importers find it to their advantage to break and freeze or dry practically all of the eggs and to import them as frozen eggs or as egg yolks, the two principal imported commodities, or in lesser amounts as frozen or liquid egg albumen or dried whole eggs, or dried egg

albumen.

Manifestly the tariff duties, if they are to accomplish the purpose intended of protecting the producers in America, and of bringing a revenue to the Government, should be placed with special reference to the quantities and values of the egg products as compared to eggs

in shell.

Table III shows the amount and source of revenue produced from imported eggs and egg products for the year 1920 from which it will be seen that the total amount of revenue derived was \$912,697. Just how the proposed tariff rates would affect the revenue receipts, it is difficult if not impossible to accurately estimate in advance. It would seem reasonable to assume that since it is expected that the proposed rates would not act as an embargo that the increase in the rates might increase the gross income as rapidly as the smaller importations might reduce it, leaving the actual amount of revenue about the same. It would seem that the present low rates are not serving to check imports to any material extent, which would mean that the importer rather than the Government is getting the financial benefits

Senator LA FOLLETTE. Have those charts been so reduced, Pro-

fessor, so that they can be incorporated in the hearings?

Prof. RICE. They have. In this thesis on the imports and exports of eggs and egg products for the United States you will see practically everything I am going to show you, and there will be additional type-written matter and charts placed at your disposal, so that any members of the committee who desire more detailed information may have it available.

(Fig. 3 is on file with the Senate Finance Committee. Table III

referred to is here printed in full, as follows:)

¹ On file with Senate Finance Committee.

Table III.—Imports of eggs (shell) and egg products entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouses for consumption, with quantities, values, rates, and amounts of duties collected for the year 1920.

Commodities.	Unit of quantity.	Quantity.	Value.	Amount of duty.
Eggs in shell. Eggs frozen or otherwise prepared or preserved in packages n. s. p. f. Eggs, yolks frozen, liquid or dried. Egg albumen, frozen or liquid. Egg albumen, frozen or liquid.	do	9, 187, 355 9, 109, 774 3, 113, 008	\$617, 909. 00 1, 503, 932. 00 3, 443, 048. 00 382, 426. 00 1, 251, 843. 00	\$183, 747, 10 344, 304, 80 31, 130, 08 271, 927, 60
Eggs (whole) dried. Egg albumen, dried. Total.			3, 041, 968. 00 10, 441, 126. 00	81, 587. 46 912, 697. 04

Prof. Rice. Figure 4,¹ and Table IV: The way in which importations of eggs and egg products have increased in recent years is shown graphically in figure 4,¹ which gives the total number of dozens of eggs or their equivalents which have been imported into the United States each year from 1910–1920, inclusive. This shows that nearly 55,000,000 dozens of eggs or their equivalent in egg products were imported in the calendar year 1920, and that 70,000,000 dozens of eggs, complete or incomplete or equivalents were imported. In calculating egg products into their equivalents in dozens of shell eggs it appears that considerable more egg albumen was imported than egg yolks, which accounts for the difference between 55,000,000 dozen complete eggs and the 70,000,000 dozens of incomplete eggs.

Figure 5 and Table V show the tariff duties on eggs and egg products and the amounts of exports and imports from 1855 to 1920, from which it will be seen that until the McKinley-Morrill tariff of 1890 no duties were levied on eggs or egg products. In the McKinley-Morrill tariff bill occurred a duty on shell eggs of 5 cents per dozen and on egg yolks of 25 per cent ad valorem. In the Wilson-Voorhees bill of 1894 shell eggs were reduced to 3 cents and egg yolks were reduced to 20 per cent ad valorem. In the Dingley-Morrill tariff bill of 1897 shell eggs were increased to 5 cents, egg yolks were advanced to 25 per cent ad valorem, and frozen albumen was given a duty of 3 cents per pound. In the Payne-Aldrich tariff of 1909 the previous duties were continued on shell eggs, egg yolks, and frozen albumen, and in addition dried eggs received 15 cents a pound, and dried albumen 3 cents per pound. Under the Underwood-Simmons tariff of 1913 the duty was removed from shell eggs and was reduced on egg yolks to 10 per cent ad valorem and on frozen albumen to 1 cent, and on dried whole eggs to 10 cents, the duty remaining the same as before on dried albumen; and for the first time a duty of 2 cents was placed on frozen whole eggs. In this chart it will be seen that for the fiscal year 1920 the total imports of eggs and egg products were \$9,250,021 as against exports of \$18,933,978 or a balance of trade of **\$**9,683,957.

The next six charts, figures 61 to 11, inclusive, show for each year from 1910 to 1920, inclusive, the amounts of eggs and egg products imported, as expressed in dozens, pounds, and dollars, and also show the tariff rates and the amounts of revenue derived from these importations.

¹On file with Senate Finance Committee

Figure 6 1 shows the imports of eggs in shell bearing a duty of 5 cents per dozen in 1910 to 1913, inclusive, but entered free of duty from 1914 to 1920, from which it will be seen that by far the largest importations occurred in 1914 and 1915 of 6,500,907 dozens and 3,058,863 dozens, respectively, and that during the fiscal year 1920 the amount was 1,708,701 dozens. The amount of tariff duty derived in 1913, the last year when a 5-cent duty was levied, was \$63,588.

Figure 7¹ shows the imports of eggs frozen or otherwise prepared or preserved in packages, bearing no duty from 1910 to 1913, inclusive, and 2 cents a pound from 1914 to 1920, inclusive. In the latter year the revenue amounted to \$183,747. It will be seen that no importations occurred of frozen whole eggs until 1914 and that the amount ordinarily was in the neighborhood of 2,500,000 pounds for the years 1914, 1915, 1916, and 1917, but increased to the amount of 9,187,355 pounds in 1920.

Figure 8¹ shows graphically the imports of frozen or liquid egg albumen which first occurred in 1914 bearing 1 cent per pound duty and increased quite consistently until 1920 when the amount was 3,113,008 pounds valued at \$582,426, paying a revenue of \$31,130

for that year.

Figure 9, 1 shows the imports of frozen, liquid, and dried egg yolks bearing a duty of 25 per cent ad valorem from 1910 to 1913, inclusive and 10 per cent ad valorem from 1914 to 1920, inclusive. The importations were negligible until 1915, from which time they increased rapidly and consistently almost without exception until 1920, when they reached 9,109,774 pounds valued at 3,443,048 and paying a revenue of \$344,304.

Figure 10 shows the imports of dried whole eggs which from 1910 to 1913 carried a duty of 15 cents per pound and from 1914 to 1920 of 10 cents a pound. The importations were negligible until 1917. when they were 1,590,563 pounds, amounting to \$417,417 and increased steadily until 1920, when they were 2,719,276 pounds,

amounting to \$1,251,843 and paying a revenue of \$271,927.

Figure 11 shows the imports of dried egg albumen bearing a duty of 3 cents per pound from 1910 to 1920, inclusive. The importations increased very consistently from 699,612 pounds in 1910 to 4,060,360 pounds in 1919 valued at \$4,148,522. This amount decreased in 1920 to 2,719,582 pounds valued at \$3,041,968, the revenue in 1920 being \$81,587.

The total amount of revenue derived each year and for 11 years from 1910 to 1921, inclusive, for eggs and egg products as shown in

Table XII:

By years:		
1910		\$67,388
1911		114, 434
1912		62, 220
1913		113, 289
1914		104, 587
1915		129, 912
1916		179, 381
1917	***************************************	445, 667
1918		519 , 802
1919	a	738, 893
1920	*****	912, 69
Total	1	3, 388, 27

¹ On file with Senate Finance Committee.

By commodities:	
Eggs in shell	242, 152
Frozen or liquid whole egg	
Frozen, liquid, or dried egg yolks	1, 050, 784
Frozen or liquid egg albumen	130, 926
Dried whole eggs	870, 683
Dried egg albumen	595, 054
Total	$\overline{3,388,275}$

It is certain that a more equable arrangement of tariff rates would have produced a larger revenue.

The tariff duties which we recommend based on the quantity and money value of the egg products with respect to shell eggs, to be explained later, will we believe remedy the defect.

(Figures are on file with Senate Finance Committee. Tables

referred to are here printed in full, as follows:)

Table IV.—The equivalents in dozens of the imports of eggs (shell) and egg products entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption during the fiscal years 1910–1920, transposed into their equivalent of eggs in dozens.

[The total quantity of complete and incomplete eggs in shell is determined by taking the total quantity of imports of eggs (shell) and egg products entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption and transposing them into their equivalent of eggs (shell) in dozens by means of "The factors used in transposing egg products into their equivalent of eggs (shell) in dozens."]

A transfer and a discountry of all	, , ,	Dozens.
1910—Eggs in shell		819, 976
Egg volks, frozen or dried		3, 110, 688
Eggs dried		819
Egg albumen, dried		4, 079, 836
.1911—Eggs in shell		1, 652, 622
Egg volks frozen or dried		540, 684
		19, 963
Egg albumen dried		5, 270, 138
1912—Eoos in shell		1, 098, 687
For volks frozen or dried		354, 976
Form dried		18, 053
For albuman dried		6, 070, 705
1012 Form in shell	• • • • • • • • • • • • • • • • • • • •	1, 271, 765
For veller frager or dried		909, 728
Egg yorks, frozen or dried	• • • • • • • • • • • • • • • • • • • •	es 000
Eggs dried		65, 923
Egg albumen, dried		7, 292, 251
1914—Eggs in shell	prepared or preserved in packages,	6, 005, 907
Eggs frozen or otherwise	prepared or preserved in packages,	0 055 055
n. s. p. 1		2, 277, 257
Egg yolks, frozen or dried		2, 494, 864
Egg albumen, frozen or liqui	d	430, 914
Eggs dried		121, 043
		7, 6 6 8, 451
1915—Eggs in shell		3, 058, 863
Eggs frozen or otherwise prep	ared or preserved in packages n. s. p. f.	2, 421, 339
Egg volks, frozen or dried		5, 729, 632
Egg albumen, frozen or liqui	d	1, 157, 194
Eggs dried		99, 368
Egg albumen, dried		6, 443, 637
1916—Eggs in shell		733, 313
Eggs frozen or otherwise prep	ared or preserved in packages n. s. p. f.	3, 230, 321
Egg volks, frozen or dried		11, 676, 076
Egg albumen, frozen or liqui	d	2, 409, 284
Eggs dried		126, 727
Egg albumen, dried		9, 746, 916
1917—Room in shell		1 103 187
Eggs frozen or otherwise prep	ared or preserved in packages n. s. p. f.	1, 867, 350
Egg volks, frozen or dried	4- k k k	27, 696, 284
Eog albumen frozen or liqui	d	4, 962, 877
		5, 169, 329
Eog albumen dried		
Egg aroumen, dired		20, 90, 0, 100

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	Dozens.
1918—Eggs in shell.	1, 619, 259
1918—Eggs in shell	1, 075, 493
Egg yolks, frozen or dried	32, 310, 920
Egg albumen, frozen or liquid	3, 344, 284
Eggs dried	5, 195, 547
Egg albumen, dried	21, 734, 043
1919—Eggs in shell	1, 247, 355
Eggs frozen or otherwise prepared or preserved, in packages n. s. p. f.	2, 670, 030
Egg yolks, frozen or dried	24, 951, 388
Egg albumen, frozen or liquid	4, 271, 639
Eggs, dried	8, 590 , 731
Egg albumen, dried	23, 686, 085
1920—Eggs in shell	1, 708, 701
Eggs frozen or otherwise prepared or preserved, in packages n. s. p. f.	7, 901, 125
Egg volks, frozen or dried	36, 439, 096
Egg albumen, frozen or liquid Eggs, dried	5, 167, 593
Eggs, dried	8, 837, 647
Egg albumen, dried	15, 863, 321

Table V.—Value of exports and imports of egg products and shell eggs in United States.

Egg Products.

[Fiscal years, 1899-1921.]

Year.	Exports.	Imports.	Year.	Exports.	Imports.
1899 1900 1901 1902 1903 1904 1905 1906 1907	\$1,610 14,700 48,108 28,294 917 54,851 11,565 9,024	\$11, 322 19, 594 246 6, 869 25, 795 22, 781 37, 036 10, 992 10, 616 10, 845 6, 232	1911 1912 1913 1914 1915 1916 1917 1918 1919 1920	29, 541 67, 854 47, 968 88, 865 210, 255 72, 491 525, 880 341, 308 282, 198	\$30, 79 4, 43 36, 89 504, 61 798, 12 921, 50 1, 732, 94 4, 057, 41 3, 143, 19 8, 783, 25 6, 176, 52

EGGS (8HELL).

[Fiscal years 1855-1921.]

Year.	Exports.	Imports.	Year.	Exports.	Imports.	
355		\$16, 555	1889.	\$75, 936	\$2, 416, 97	
356		58, 512	1890		2, 074, 91	
357	i	88, 338	1891	64, 259	1, 185, 59	
358 359		72, 335	1892	32, 374	522, 24	
359		74, 618	1893	33, 207	392, 97	
360		129, 260	1894		199, 53	
861		158, 884	1895		324, 13	
362		90, 163	1896	48, 339	88,68	
963		55, 068	1897	180, 954	47, 76	
864	\$38, 426	59, 980	1898.	448, 370	8,07	
65	52, 990	121, 252	1899.		21,30	
366	22, 458	187, 494	1900.	984, 081	8,74	
67	11, 329		1901		10, 51	
368	5, 865		1902	528, 679	37, 4	
69	4, 055	74, 585	1903	325, 571	29, 7	
370	322	13, 270	1904.	396, 408	61, 4	
371	1,428	295, 511	1905.	543, 386	38, 54	
372	1,048	649, 894	1906		21, 20	
373	4, 169	683, 850	1907		26, 27	
374	5. 239	747, 866	1908.	1, 540, 014	25, 8	
375	8, 743	600, 472	1909.	1, 199, 522	36, 93	
376	8,300	630, 393	1910		110, 7	
377	8, 429	617, 622	1911	1, 787, 019	225, 74	
378	14, 880	726, 037	1912	3, 395, 952	147, 17	
379	14, 258	646, 735	1913.	4, 391, 653	205, 83	
80	14, 148	901, 932	1914.		1, 089, 16	
81	13, 778	1, 206, 067	1915		438, 76	
382	28, 262	1, 808, 585	1916		110,63	
383	75, 080	2, 677, 604	1917		268, 28	
84	62,759	2, 677, 360	1918		483, 63	
85		2, 476, 672	1919	12, 444, 345	233, 00	
386	46, 105	2, 173, 454	1920.		466, 76	
387	60.686	1, 960, 396	1921		1, 056, 35	
888	66, 724	2, 312, 478		11, 201, 001	2,000,00	
~~	00,124	2,012,210	1	1		

TABLE V.—Value of exports and imports of egg products and shell eggs in United States—Continued.

EGGS (SHELL) AND EGG PRODUCTS COMBINED.

[Fiscal years 1855-1921.]

Years.	Exports.	Imports.	Years.	Exports.	Imports.
55		\$16,555	1889	\$75,936	\$2,416,976
56		58,512	1890	58,675	2,074,913
57		88,388	1891		1,185,598
58		72,335	1892	32,374	522, 240
59		74,618	1893	33, 207	392, 973
60	[!]	129, 260	1894	27,497	199,530
81		158,844	1895	25,317	324, 13
62		90, 163	1896	48, 339	88,68
63		55,068	1897	180,954	47,760
64		59,980	1898	448,370	8,07
65		121, 252	1899	641.385	32,62
66		187, 494	1900		28, 33
67		200, 101	1901	677, 842	10, 76
68			1902	543,379	44,30
59		74,585	1903	373,679	55,55
70		13, 270	1904	424,702	84, 23
71		295, 511	1905	544,303	75,57
72		649, 894	1906	1,093,500	32, 19
73		683,850	1907		36, 89
7 4		747,866	1908		
75	8,743	600, 472	1000	1,549,038	36,69
			1909	1,223,460	43,16
76		630, 393	1910		166,85
77 78	14.880	617,622	1911	1,792,372	256,54
79	14,258	726, 037	1912	3, 425, 493	151,60
		646, 735	1913	4,459,507	242, 72
80		901,932	1914	3,782,055	1,593,78
81		1,206,087	1915	5,092,629	1,236,88
82	28, 262	1,808,585	1916		1,032,14
83		2,677,604	1917		2,001,23
84	62,759	2,677,360	1918	7,693,014	4,541,05
85 		2, 476, 672	1919	12, 785, 653	3,376,19
<u>86</u>		2, 173, 454	1920	19, 431, 734	9, 250, 02
87	60,686	1,960,396	1921	11,452,913	7, 232, 88
88 	66,724	2, 312, 478		1	

Table VI.—Imports of eggs in shell entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouses for consumption with quantity (dozens), values (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich and Underwood-Simmons tariff.

Fiscal years.	Quantity (dozens).	Value.	Duty collected.	Fiscal years.	Quantity (dozens).	Value.	Duty col- lected.
1910 1911 1912 1913 1914 1915	1, 089, 687, 83 1, 271, 765, 17 6, 005, 907, 66	\$110, 845. 00 226, 097. 25 150, 981. 43 191, 713. 52 1, 089, 166. 60 440, 067. 00 110, 638. 00	82, 631. 15	1917 1918 1919 1920 Total .	1, 619, 259. 00 1, 247, 355. 00 1, 708, 701. 00	483, 636. 00 394, 629. 00 617, 909. 00	\$242,152,19

Table VII.—Imports of eggs, frozen or otherwise prepared or preserved, in packages, n. s. p. f., entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), values (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich tariff and Underwood Simmons tariff.

Fiscal years.	Quantity (pounds).	Value.	Duty col- lected.	Fiscal years.	Quantity (pounds).	Value.	Duty collected.
1914	3, 756, 188	\$305, 232, 00 198, 654, 00 248, 997, 00 178, 627, 00 153, 870, 00	\$52, 959. 48 56, 312. 22 75, 123. 76 43, 426. 76 25, 011. 48	1919 1920 Total	9, 187, 355	\$519, 784, 00 1, 503, 932, 00 3, 109, 096, 00	\$62, 093, 74 183, 747, 10 498, 674, 54

Table VIII.—Imports of egg yolks, frozen, liquid, or dried, entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), values (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich tariff and Underwood-Simmons tariff.

Fiscal years.	Quantity (pounds).	Value.	Duty collected.	Fiscal year.	Quantity (pounds).	Value.	Duty collected.
1910 1911 1912 1913	777, 672 135, 171 89, 744 227, 457 623, 716	\$56, 389. 00 15, 145. 00 5, 833. 00 37, 027. 00 153, 274. 00	\$14, 097. 25 3, 786. 25 1, 458. 25 9, 256. 75 15, 327, 40	1917. 1918. 1919. 1920.	6, 924, 071 8, 077, 730 6, 737, 847 9, 109, 774	\$1, 332, 095. 00 2, 029, 420. 00 2, 649, 259. 00 3, 443, 048. 00	\$133, 209. 50 202, 942. 00 264, 925. 99 344, 304. 80
1915 1916	1, 382, 408 2, 919, 019	257, 007. 60 373, 152. 00	25, 760. 70 35, 715. 20	Total .	37, 005, 609	10, 351, 649. 00	1, 040, 984. 00

Table IX.—Imports of frozen or liquid egg albumen entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), values (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich and Underwood-Simmons tariff.

Fiscal years.	Quantity (pounds).	Value.	Duty collected.	Fiscal years.	Quantity (pounds).	Value.	Duty collected.
1914	259, 587 691, 081 1, 451, 376 2, 989, 685 2, 014, 629	\$14,067.00 92,397.00 201,509.00 316,762.00 250,132.00	\$2, 595, 87 6, 910, 91 14, 513, 76 29, 896, 85 20, 146, 29	1919 1920 Total .	2, 573, 271 3, 113, 008 13, 090, 637	\$399, 643. 00 582, 426. 00 1, 886, 846. 00	\$25, 732, 71 31, 130, 08 130, 926, 35

Table X.—Imports of dried whole eggs entered for consumption in the United States, including both entries for immediate consumption and withdrawals from warehouse for consumption with quantity (dozens), values (actual market value or wholesale price), and amount of duty collected based upon the Payne-Aldrich and Underwood-Simmors tariff

Fiscal years.	Quantity (pounds).	Value.	Duty collected.	Fiscal years.	Quantity (pounds).	Value.	Duty collected.
1910	252 6, 081 5, 555 20, 284 37, 244 30, 575 38, 993	\$104.00 2,372.00 2,176.00 7,537.00 12,336.00 10,385.00 9,875.00	\$37. 80 915. 15 833. 25 3, 042. 60 3, 724. 40 3, 057. 00 3, 899. 30	1917	1, 590, 563 1, 598, 630 2, 643, 302 2, 719, 276 8, 688, 753	\$417, 417. 00 429, 167. 00 1, 562, 587. 00 1, 251, 843. 00 3, 705, 799. 00	\$159, 056. 30 159, 863. 00 264, 330. 20 271, 927. 60 870, 686. 55

Table X1.—Imports of dried egg albumen entered the United States for consumption, including both entries for immediate consumption and withdrawals from warehouse for consumption, with quantity (pounds), values (actual market value or wholesale price). and amount of duty collected based upon Payne-Aldrich tariff and Underwood-Simmons tariff.

Fiscal years.	Quantity (pounds).	Value.	Duí y. collected.	Fiscal years.	Quantity (pounds).	Value.	Duty collected.
1910	699, 612 903, 504 1, 040, 750 1, 246, 744 1, 314, 684 1, 262, 398 1, 670, 996	\$268, 732, 00 349, 960, 00 329, 732, 00 406, 594, 00 443, 838, 00 402, 896, 00 751, 976, 00	\$12, 254. 76 27, 105. 12 4, 994. 46 37, 402. 32 29, 890. 00 37, 871. 94 50, 129. 88	1917	3, 727, 936 4, 060, 361 2, 719, 582	\$1, 443, 936, 00 2, 450, 143, 00 4, 148, 522, 00 3, 041, 968, 00 18, 028, 297, 00	\$80, 077, 62 111, 839, 94 121, 810, 83 81, 587, 4 593, 564, 3

TABLE XII.—Total amount of duty collected on eggs and egg products, United States, fiscal years 1910-1920.

Data: Commerce and Navigation,	United States,	fiscal years 1910-1920	, by poultry department, New
Data: Commerce and Navigation, York State Colle	ge of Agriculture	, Cornell University, I	thaca, N. Y.]

Commodities.	1910	1911	1912	1913	1914	1915
Eggs in shell	\$40, 998. 84	\$82,631.15	\$54, 934. 42	\$63, 588. 28	\$52, 959. 48	\$56, 312, 22
Frozen or liquid or dried egg yolks	14, 097. 25	3, 786. 25	1, 458. 25	9, 256. 75	0 505 07	25, 760, 70 6, 910, 81
Dried whole eggs	37. ×0 12, 254. 76		833, 25 4, 994, 46	3, 042. 60 37, 402. 32	3, 724. 40 29, 980. 08	3, 057. 00 37, 871. 94
Total	67, 388. 65	114, 434. 67	62, 220. 38	113, 289. 95	104, 587. 23	129, 912. 67
Commodities.	1916	1917	1918	1919	1920	Total.
Eggs in shell		I	·			\$242, 152. 69
Frozen or liquid whole eggs Frozen or liquid or dried egg	\$75, 123. 76	\$43, 426. 76	\$2 5, 011. 48	\$62,093.74	\$183,747.10	498, 674. 54
yolks Frozen or liquid egg albumen	35, 715. 20 14, 513. 76	133, 209, 50 29, 896, 85	202, 942, 00 20, 146, 29	264, 925, 90 25, 732, 71	344,304.80 31,150.08	1,050,784.00 130,926.37
Dried whole eggs	3, 899. 30 50, 129. 88	159, 056. 30 80, 077. 62	159, 863. 00 111, 839. 94	264, 330, 20 121, 810, 83	271, 927. 60 81, 587. 46	870, 683, 60 595, 054, 41
Total	179, 381. 90	445, 667. 03	519, 802. 71	738, 893. 38	912,697.04	3, 388, 275. 61

Prof. RICE. Perhaps the most important fact that we might set before you which might be of assistance in helping us to arrive at a sound conclusion as to the amount of duty which should be levied, is an estimate of the cost to produce a dozen eggs in the United States. We have been diligent in trying to arrive at those facts. The best that I can give you at the present time is shown here in the chart, figure 12 [exhibiting chart to the committee].

Every one of the records from New York State are based on a State college supervised record. These are not individual reports of what a farmer gives as an opinion or as a guess, but they are based upon personally conducted cost-account records, where college extension specialists have visited the farms regularly to supervise the

records.

In undertaking to establish tariff rates based on the difference in the cost of production between countries from which imports are received and in the United States, it is necessary to establish a sound basis for determining the cost of production of a dozen eggs on an average throughout the year, and for a period of years in the United States, and what that cost is under normal average conditions.

Figure 12 and Table XIII show the actual cost to produce a dozen eggs in the United States during the years of 1914 to 1920, inclusive, on 149 farms, representing 105,481 hens. The figures are from actual cost-account records and surveys on farms, principally in the States of New York and New Jersey, and including also a farm in Kentucky and one in Indiana. Estimates on the cost of egg production in California and Washington confirm the figures here quoted from the eastern States, which leads us to believe that the cost of egg production on the west and east coasts of the United States, including the cost of marketing, are essentially similar, some of the cost account factors being greater in the East and others greater in the West. The cost in the Middle West and the South probably are

a little cheaper than either the far West or extreme East, on account of proximity to cheaper grain and general farm range conditions.

From figure 12 it will be seen that in 1914 it cost \$0.317 per dozen in New York, and it cost \$0.29 for 1915 in New York, and in subsequent years the costs were:

New Jersey, 1915 New York:	\$ 0. 193
1916.	900
1917	. 497
1918.	. 402
1919	
1920.	
Kentucky: 1920	
Indiana 1920	

It is interesting to observe that the 100 cost-account records and surveys representing 79,847 hens in New Jersey gave a cost of \$0.293 per dozen and in the same year three farms having 3,825 hens in New York gave a cost of \$0.29 per dozen, showing that data taken by impartial observers, and neither aware of the methods employed by the other, arrived at essentially the same cost to produce a dozen eggs in New York as in New Jersey.

From estimates of the costs of egg production in years preceding the war which is 25 to 30 cents per dozen, it is reasonable to assume that within a few years the cost to produce a dozen eggs will approach but probably will not fall quite as low as the prewar cost. If, therefore, we should assume an average cost of 27 to 28 cents per dozen in the United States as a whole, we probably would not be far from the truth. If we should accept this as out cost basis on which to place a tariff duty on shell eggs which would serve to equalize the difference between the cost of production here, and in competing countries having lower cost of production, such as the Orient, Australia tralia and Argentina, a duty of 8 or even 10 cents per dozen probably would permit eggs costing 15 to 18 cents per dozen, laid down in America to be imported. Since it is known that shell eggs are sold in America at 15 to 18 cents per dozen with apparent profit to the packers and importers the adding of 8 cents per dozen duty to the cost of the imported products would make the total cost 23 to 26 cents per dozen for shell eggs and probably would not result as an embargo and stop the importation.

(Figure 12 is on file with the Senate Finance Committee.

XIII is here printed in full, as follows:)

TABLE XIII.—Cost to produce a dozen eggs (149 farms and 105,481 hens) in United States. 1914-1920.

	1914	1915	1915	1916	1917	1918	1919	1920	1920	1920
Number of fowls Number of farms Authority C	0.317 1,549 1 C.U.D. F. M.	\$0. 290 3, 825 3 C.U.D. F. M.	\$0. 293 79,847.5 100 N. J. A. Col.	\$0.308 3,366 6 C.U.D. F. M.	\$0.497 4,074 6 C.U.D. F. M.	\$0. 402 6, 865 15 C.U.D. F. M. C.U.D. P. H. N. Y.	\$0. 478 2, 211 6 C.U.D. F. M.	\$0. 482 3,469.5 10 C.U.D. F. M. C.U.D. P. H. N. Y	\$0. 411 82 1 Ky.A. Col.	due Uni.

¹ On file with Senate Finance Committee.

Prof. Rice. Figure 13¹ and Table XIV show the distribution of cost factors in egg production expressed in the terms of the per cent of each factor to the total cost. These figures are taken from carefully kept cost-account records on a large poultry farm in New York State where 2,000 or more birds are kept. They are for the years 1914-15 in comparison with the years 1917-18 and 1920-21. From these three records it will be seen that the percentage of the costs for feed and the total cost of egg production was 58.2, 64.2, and 56.3 per cent, respectively, averaging 59.5 per cent; and that labor cost was 17.2, 13.9, and 18.1 per cent, respectively, averaging 16.4 per cent. The depreciation of stock over and above the cost of rearing for replacement was 13.3, 13.2, and 14.5 per cent, respectively, averaging 13.7 per cent; and the costs due to taxes, insurance, repairs, and interest were 7.2, 6.2, and 7.8 per cent, respectively, averaging 7 per cent for each of the three years, respectively. The small balance of the cost remaining was for marketing, litter, and for miscellaneous expenses. The two principal factors in the cost of production, namely, feed and labor, are the two items in particular which are cheapest in our principal competing countries. It is to equalize these two particular cost-account factors between the United States and competing countries that the tariff rates which we recommend have been determined.

Senator Watson. That is all very interesting as showing the cost of production here. Can you show the cost of production abroad?

Prof. Rice. I have been unable to do so. I am in personal correspondence with two or three friends in China, who are teachers and missionaries there, and government service men, and none of them an give me anything like actual cost-account records. Chickens in China are almost all in small flocks, of only 10 to 15 or 25 birds. They are smaller flocks by a good deal than the average in this country, and most of the eggs produced are sold, because they are a cash-roducing commodity, and they use their money to pay taxes and o purchase rice and other cheaper food to eat.

The question of importance of dressed poultry importation is juite as serious in its way as the egg and egg-product importation. have positive information that some of the big capitalists in this ountry are building modern establishments for crate fattening hickens in China, as we have in the United States. They have ured as good an expert as can be found in the United States. He

as been there for several years to develop that business.

We also have information that American capitalists are equally oncerned in and are hunting for people to go to Argentine, for the eason that they find it more profitable to use their American capital o buy, and fatten, cheap Chinese and Argentine chickens with heap oriental and South American feed, and to buy and freeze and dry eggs and ship them into this country, than they do to employ the interval of the country of the country in the United States.

¹ On file with Senate Finance Committee.

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(Figure 13 is on file with the Senate Finance Committee. Table XIV is here printed in full, as follows:)

TABLE XIV.—Cost factors in egg production.

[Expressed in terms of per cent of each factor to total cost.]

· · -	1914-15	1917-18	1920-21	Average.
Feed. Labor Depreciation of stock over and above the cost of rearing for re-	Per cent. 58. 2 17. 2	Per cent. 64. 2 13. 9	Per cent. 56.3 18.1	Per cent. 39.5 16.4
Depreciation of stock over and above the cost of rearing for replacement Taxes, Insurance, repaits, and interest. Marketing Litter Miscellaneous	2.0 1.9	13. 2 6. 2 1. 1 1. 1	14.5 7.8 2.1 1.0	13.7 7.0 + 1.7 + 1.3 + .2
Total	100. 00	100.09	100, 00	

Prof. Rice. We want to come close to home and see what the poultry situation is in the United States. Instead of using, as I could have done, the map showing the total amount of eggs produced and consumed in the United States, by States, I thought it would be more instructive to show the States that have an excess production, and the States that have an excess consumption, and the amounts.

Senator Warson. When you subtract one from the other what do

you get?

Prof. Rice. We show only the excess. This map, figure 14, shows only the quantity after the total production of each State has been subtracted from the total consumption to get the excess consumed, or after the total consumption is subtracted from the total production

to get the excess production as the case may be.

We have seen that the United States produces more eggs than are consumed. It is important to know which States are producing more eggs or less eggs than they eat, and why. For this purpose figure 14 and Table XV have been prepared, showing graphically the excess production over consumption or excess consumption over production in various States. It will be seen from this study that the States of Wisconsin, Iowa, Illinois, Indiana, Missouri, Kansas, Nebraska, South Dakota, North Dakota, Minnesota, Oklahoma, Tennessee, Arkansas, Kentucky, Ohio, Montana, Idaho, Delaware, Virginia, Wyoming, and the three Pacific Coast States, Washington. Oregon, and California, produce more eggs than they consume. great proportion of excess production is in the Middle West graingrowing section. Whereas, all of the New England States, and the Middle and South Atlantic States with the exception of Virginia and Delaware, of the East South Central States Alabama and Mississippi, and of the West South Central States Louisiana and Texas, of the mountain States Colorado, New Mexico, Arizona, Utah and Nevada. and Michigan among the North Central States consume more eggs than they produce. The excess consumption of the New England and the Middle Atlantic States is due primarily to the large population in the great industrial centers in proportion to the amount of

¹ On file with Senate Finance Committee.

productive farm land, whereas the excess consumption in the southern States is due to the lack of diversified farming on account

of specialization in cotton or some other farm crops.

Whatever the causes may be for failure to produce enough eggs to neet the needs of the State, it is clear to persons familiar with farming conditions that they are sufficiently well adapted to the efficient production of poultry and eggs to fully or more nearly meet the needs of these sections, provided the equitable tariff rates representing the lifference in the cost of production in the United States and the Drient were to be placed on the importation of eggs and egg products.

If any State because of climatic or farm conditions can not produce ggs and poultry economically, other States more fortunately situated n this particular respect can be counted upon to supply the demand without importing poultry products from any country at any time. We can produce these products and deliver them as economically as my other country except for the factor of labor as applied directly to coultry or indirectly to the growing of the feed or manufacture of accessories or transporting and marketing of the products, all of which involve the employment of labor in our own country, which is entitled to receive the same protection as poultry men. The tariff rates which we urge are intended to represent the differences in labor costs of all the factors that enter into the production of poultry and of eggs and egg products, and placing them on the markets in America is compared to a similar or inferior quality imported from competing countries.

The figures showing estimates of consumption and production are based on our own calculations from figures of population and dozens of eggs produced as shown by the last census in 1919, and assume the ame average consumption per capita of eggs in each State according to the average of 15.41 dozens of eggs per capita consumption for the linited States, or 181 eggs per capita, which is approximately one-last egg per person per day

Some of the more striking results in excess production over con-

umption are:

	Dozens.
owa	83, 434, 993
lissouri.	64, 440, 716
Kansas.	48, 713, 133
ndiana.	37, 680, 248

vhereas New York has an excess consumption of 98,795,857 dozens; New Jersey, 35,636,346; Massachusetts, 50,107,244; and Pennsylania, 59,162,092.

Senator CALDER. Do I understand from this map that Kansas pro-

luces 48,000,000 dozens more eggs than she consumes?

Prof. RICE. Yes; Kansas produces 48,713,133 dozens more eggs han she consumes according to our own calculation, using United states Government figures of population and dozens of eggs proluced.

Senator CALDER. And New York consumes 98,000,000 more than he produces?

Prof. Rice. Yes; to be exact, 98,795,857 dozens.

The CHAIRMAN. What are the figures for Pennsylvania?

Prof. RICE. Pennsylvania consumes 59,162,092 dozens eggs more han Pennsylvania produces, and yet Pennsylvania is the sixth in

rank as an egg-producing State, exceeded only by Iowa, 120,697,319 dozens; Missouri, 117,203,569 dozens; Illinois, 105,757,907 dozens: Ohio, 102,377,143 dozens; and Kansas, 76,136,616 dozens of eggs in 1919.

Senator Smoot. Professor, did I understand you to say that we did not produce enough eggs in the United States to feed the people of the United States?

Prof. Rice. We are producing an excess; that is to say, the importations into this country are not so great as the exportations, and exports mean surplus.

Senator Smoot. The importations are about one-seventh of 1 per

ent. Our exports are nine times as great as our importations.

Prof. Rice. My figures would not show it as great as that.

Senator Smoot. I have got the figures here. I will take it first, if you want to, for the first nine months of this year. We exported 21,195,247 dozen eggs, valued at \$6,735,772; we imported during the same period but 2,707,923 dozen eggs, at a valuation of \$794,352.

Senator McCumber. It is admitted we produce more than we con-

sume in the United States.

Prof. RICE. I think possibly the place where we differ is this: That those you are quoting perhaps allude strictly to shell eggs; the figures I have in mind are the entire quantity and value of the egg products and shell eggs combined.

Senator Smoot. That does not make a particle of difference. If you want me to, I will quote those to you. So it makes no difference

either way you go.

Senator Watson. I understand, then, your contention to be that even though we have an excess production over consumption, and even though we export more than we import, throwing a small amount at a lower price on a glutted market would have a tendency to decrease the price of the whole.

Prof. RICE. There is no doubt about it, and certainly we can not get away from the fact that when those millions of dollars' worth of these cheap Chinese products are dropped into this country under those circumstances they tend to reduce the price and displace the same amount of the American product. If our markets are already

full they have to overflow somewhere and are exported.

We believe that the way to settle this question is to put an effective tariff duty—our people have said 8 cents; I think that it ought to be We believe that 8 cents or even 10 cents will still allow eggs to come in and will safeguard our consumers against monopoly. only monopoly is where somebody buys or makes and holds products in sufficient quantity to manipulate the markets. The farmers can not do that with eggs and poultry, as they are the ones who do the There are too many of them and their products are too producing. universally produced to be controlled by the growers. We believe that there will be a tendency for a little higher price for a season or so with an equitable tariff on poultry and poultry products and will produce enough more profit for a little while to stimulate other people in America to produce more eggs and poultry, because the chicken business is sensitive to economic changes, as I shall show later. It will stimulate poultrymen in Massachusetts or Mississippi, for example, to fill up their empty henhouses, or to put up another henhouse, or will induce others to go into the chicken-raising business who will **produce**

eggs in this country at a price that will be just as fair in the end to the consumer as it would be if we had allowed our henhouses to lie idle while a certain proportion of our eggs and egg products were being produced in Arentina and China.

(The figure and table referred to are here printed in full, as follows:)

Table XV.—Excess production or consumption of eggs by States, United States, 1919.

Per capita consumption of eggs in the United States in 1919 was 15.41 dozens, or 186 eggs, approximately one-half egg per person per day. Estimated State consumption is average per capita consumption multiplied by State population. Difference between estimated consumption and actual, or consumption data, from 1920 census of Population and Agriculture.]

State.	Production.	Consumption.	Excess consumption.	Excess production.
ew England States:	-			
Maine	9, 977, 349	11, 904, 217	1, 926, 868	
New Hampshire.	9, 977, 349 5, 005, 302	11, 904, 217 6, 867, 787		
Vermont.	5, 166, 689	5, 462, 634		
Massachusetts	9, 604, 274	59, 711, 518	50, 107, 244	
Rhode Island	1, 536, 858	9, 368, 154	7, 831, 296	
Connecticut	6, 341, 424		15, 058, 357	
ddle Atlantic States:	0,011,121	21,000,101	10,000,007	
New York	62, 175, 162	160, 971, 019	98, 795, 857	
	13, 280, 104	48, 916, 450		ļ
New Jersey.	75, 998, 172	135, 160, 264		
Pennsylvania	10, 990, 112	100, 100, 204	59, 162, 092]
st North Central:	100 977 149	90 070 007		10 100
Ohio	102, 377, 143 83, 101, 293	89, 270, 607	• • • • • • • • • • • • • • • • • • • •	13, 106,
Indiana	83, 101, 293	45, 421, 045	• • • • • • • • • • • • • • • • • • • •	37, 680,
Illinois.	105, 757, 907	100, 521, 840		5, 236,
Michigan	55, 986, 999	56, 800, 386	873, 387	
Wisconsin	53, 222, 114	40, 797, 039		12, 425,
st North Central:	·	!		' '
Minnesota	60, 249, 543	37, 000, 435	· · · · · · · · · · · · · · · ·	23, 249,
Iowa	120, 697, 319	37, 262, 326		83, 434,
Missouri	117, 203, 569	37, 262, 326 52, 762, 853		83, 434, 64, 440,
North Dakota	20, 820, 407			10, 793,
South Dakota	30, 419, 957			20, 553.
Nebraska	49, 132, 537			20, 553, 29, 03 8,
Kansas	76, 136, 616		••••••••••••	48, 713,
ith Atlantic States:	. 0, 100, 010	, 1-0, 101	• • • • • • • • • • • • • • • • • • • •	20, 120,
Delaware	3, 908, 463	3, 456, 547		451,1
Vormland	15, 085, 681	22 460 746	7, 384, 055	301,
Maryland. District of Columbia.	42, 932	22, 469, 746 6, 782, 352	6, 739, 419	
Virginia.	36, 551, 269	35, 792, 399	0, 103, 413	750
West Virginia.	21, 708, 279	22, 687, 367	979, 087	758,
North Carolina.	24, 841, 021	39, 666, 407	14, 825, 386	
South Carolina.	12, 812, 143	26, 097, 722	13, 285, 579	
		44 005 200	15, 200, 079	
Georgia.	23, 181, 939	44, 885, 326	21, 703, 457	
Florida	6, 530, 563	15, 011, 285	8, 480, 722	
st South Central:	40.004.700	07 457 705		4 500 4
Kentucky	42, 224, 720	37, 457, 765	• • • • • • • • • • • • • • • • • •	4, 766,
Tennessee	48, 707, 146	36, 237, 219		12, 469,
Alabama	23, 136, 979	36, 396, 697	12, 959, 718	
Mississippi	23, 783, 265	27, 754, 579	3, 971, 314	
st South Central:	00 400 555	0 4 4 5 4 5 5	!	
Arkansas	28, 168, 285	27, 159, 162		1, 009, 1
Louisiana	13, 136, 046	27, 876, 890	14, 740, 844	
Oklahoma	45, 440, 017	31, 438, 387		14,001,6
Texas	70, 625, 008	72, 280, 034	1, 655, 026	
untain States:				
Montana	11, 858, 042	8,507,780		3, 350, 2
Idaho	10, 391, 962	6, 693, 923		3,698,6
Wyoming	3, 171, 951	3, 013, 231		158,7
Colorado	14, 172, 375	14, 564, 250	391, 875	
New Mexico.	14, 172, 375 3, 062, 790	5, 585, 456	2, 522, 666	
Arizona	2, 524, 832	5, 179, 511	2, 654, 679	
Utah.	5, 709, 076	6,965,638	1, 256, 562	
Nevada	895, 487	1, 199, 809	304, 322	
rific States:		2, 100, 000	001,000	•••••
	21, 356, 576	21, 027, 626		328,9
Washington Oregon.	12, 142, 530	14, 625, 720		2, 483, 1
California.	64, 123, 885	53, 116, 346		11,007,

Prof. RICE. Our argument is that we believe with proper duty them things can be produced here as economically as our standards of living

will justify.

One of the features that I hope I can make clear is that the poultry industry, more than any other branch of agriculture, is sensitive to economic conditions. The poultry industry can go in or go out in two years' time to such an extent that it will materially change production and values in this country.

Senator Watson. You say the economic conditions are responsible for those fluctuations. To what extent did imports influence those!

Prof. RICE. I am very glad you asked the question, because as we find that the psychology of the situation has a very important effectthat is to say, when we learn of shiploads or large cargoes of the shell eggs or frozen eggs or dried eggs coming into the market—it will immediately affect the sale of those commodities in the large markets, and we would expect to see a drop in the market prices. I have frequently gone into the large markets and have seen those Chinese eggs and by-products sold, and have heard the merchants arguing for a lower price on eggs because of the competition with the lower priced foreign Contracts are made and shipments arriving on falling products. markets tend to further depress them.

The word "dumping," as you understand it, might not apply, but it comes pretty close to it. They are dumping onto the American markets large quantities of Chinese eggs and egg products, as we can show, in the spring of the year on a falling market, and that has a tendency to lower the price of eggs throughout the entire United States because local prices are governed by market quotations in large

cities.

This works to the advantage of the men engaged in cold storage. having taken advantage of their ability to influence the market if they wanted to.

I think, my friends, one of the best things that we can do is to make it impossible for that thing to take place, to manipulate the market Senator LA FOLLETTE. Have they not the power to manipulate

that market regardless of the importation?

Prof. Rice. Yes, sir: I think so, and more than that, perhaps you are already familiar with the fact—if you are not you can verif my statement-eggs are gambled in the New York and Chicag like wheat, sold on futures and sold over and over again, and som body has to pay the bill.

Senator LA FOLLETTE. With what result on the price?

Prof. Rice. Of course, the tendency will be to widen the sprea between the price received by the producer and the consume This will lessen consumption and eventually the shock will fall upon the one at the bottom, the man on the land When you lower the price received by the producer, you decrease the number of eggs incubators and thus decrease the next years' production of eggs at the consumer suffers.

What I want to make clear, gentlemen, is this: That if it is tru as we maintain, first, that America has the soil and the climat the educated farmers and the conditions to produce eggs and chicked economically, to sell to our own people. Whenever you allow eggs to come in to this country at those lower prices it displaces just the amount of the American product and the American producer will a out or go in to the poultry business according to the law of supply and demand. It is conspicuously true that there are many empty hen houses and houses not filled to capacity because the poultry industry has not yet come back since the decline during the war. In many States they are not producing as many eggs as they did 10

years ago.

Figures 15 to 24 and Table XVI: Until one carefully considers item by item the value of the products produced in the United States, he does not fully realize the great importance of the poultry industry. By comparing the value of the eggs produced and chickens reared annually in the various States with the value of some of the other principal agricultural products he is surprised to find that what appears to be small as a single farm unit becomes of great size in the aggregate for each State and for the United States. This is because poultry is so universally kept on farms. Farms reporting poultry kept far exceed those of any other kind of live stock, except horses and mules, the last census showing that 89 per cent of farms

reported chickens.

The statistics which we have prepared deal exclusively with the production of eggs and chickens of the domestic fowl on farms and does not include the production of any other kind of poultry, such as turkeys, ducks, geese, pigeons, and the like, which, if included, would have increased the figures about 6.4 per cent, and does not include the vast number of chickens reared and eggs produced in villages and in cities. Since the Government statistics include only poultry kept on farms of 3 acres or more,2 this alone would greatly increase the value of the products to be credited to the poultry industry. Notwithstanding these omissions the figures will, I am sure, surprise nearly every one who has not given the subject careful thought. They show that not only are more persons directly engaged in the keeping of poultry than in any other kind of live-stock production or other single agricultural crop, but that the production in annual value greatly exceeds that of many of the agricultural products which we have been accustomed to give major consideration in the matter of legislation or research and education. In order that the figures may be more understandable, graphs have been made of two or more States in each of the geographical sections as defined by the Bureau of the Census of the United States to show the value of eggs produced and chickens reared, dairy products, wool, all fruits, wheat, oats, corn, potatoes (white and sweet). It is to be regretted that statistical data is not yet available for all of the States, some of the more important of which we would like to have included in the presentation.

New England States: In the geographical regions in the regular order, published by the Government, we find that the three New England States, for example, Massachusetts shows a value for eggs produced and chickens reared of \$9,004,007; Connecticut, \$5,876,684; and New Hampshire, \$4,341,810. These figures exceeded in value the wool, the wheat, the oats, the corn, and the potatoes, respectively, and in the case of Connecticut and New Hampshire exceeded the

¹ On file with Senate Finance Committee.

¹ The enumerator must not report as a "farm" any tract of land less than 3 acres, unless there were produced on such tract products to the value of \$250 or more, or unless it required the continuous services of at least one person. (Instructions to census takers, 1919.)

value of all of the fruits and, for products compared, was exceeded

only by the value of the dairy products.

Middle Atlantic States: In the case of New York the value of the eggs produced and the chickens reared was \$42,841,499, which exceeded by far the wheat, which was \$20,556,621, or the oats, which was \$21,595,461, or the corn, \$24,691,113, and the wool, \$1,976,986. The value of the chickens reared and the eggs produced nearly equaled all of the fruits, which were valued at \$51,519,503. In New Jersey the value of the total of eggs produced and the chickens reared was \$12,200,716 and exceeded the wheat, which was \$3,087,324, oats

\$1,403,453, wool \$32,020, and all fruits \$11,809,078.

East north central: In the great diversified agricultural States of Ohio, Indiana, Wisconsin, Michigan, and Illinois we find a large development of the poultry industry. In the case of Ohio, the value of the chickens reared and eggs produced, which was \$64,109,133, far exceeded the value of wool, which was \$10,074,579; of all fruits \$15,172,769, oats \$39,795,590, and potatoes \$18,186,036, but was less than the dairy products, which included milk, cream, and butter fat sold and butter and cheese made, \$81,148,586, whereas in Indiana the value of eggs produced and chickens reared was \$52,765,-970, which exceeded the value of the dairy products, which was \$44,072,646, all of the fruits, \$4,842,535, and wool, \$21,319,545. The value of the eggs produced and chickens reared in Wisconsin was \$30,288,326, which exceeded in value the wool, which was \$1,691,728; of fruits, which was \$5,043,189, and wheat \$16,489,016. In Illinois chickens reared and eggs produced was \$67,690,085, and exceeded in value the wool, which was \$2,217,103; all fruits, which was \$14,572,750. and was nearly equal to the dairy products, which had a value of **\$**71,998,333.

West North Central States: The study of the value of the eggs produced and chickens reared in 1919 in the great grain-growing and stock-producing section of the Middle West, shows the great importance of the domestic fowl in the production of human food. For example in Iowa eggs produced and chickens reared were valued at \$70,212,544, which exceeded the value of the dairy products, which was \$55,408,744, and vastly exceeded the value of the wool, which was \$3,762,486; of all fruits, which was \$7,056,389; and the wheat, \$44,479,372. In Minnesota the value of the eggs produced and chickens reared was \$33,438,496, which exceeded the wool, which was \$1,557,736; of all fruits, \$3,145,513. North Dakota showed a value of eggs produced and chickens reared, which was \$16,486,386; nearly equal to the value of the dairy products, which was \$19,576,343; and exceeded the wool, which was \$913,176; of all fruits, which was \$94,880; and corn, \$5,427,636; and white potatoes, which was \$10,142,747. Kansas had a value of eggs produced and chickens reared annually of \$44,199,844, whereas the dairy products were valued at \$34,920,619; wool, \$1,017,405; all fruits, \$6,349,662; pota-

toes, \$8,005,316; and oats, \$29,005,885.

Missouri, next to Iowa in value of eggs produced and chickens reared, was \$66,271,029, which exceeded in value the dairy products, which was \$34,752,845; wool, \$4,161,236; and all fruits, \$18,454,698.

South Atlantic States: Take for example North Carolina: The value of eggs produced and chickens reared was \$20,406,603; Georgia

\$26,218,622; Virginia, \$25,137,968, which exceeded the value in each State of the dairy products, which was, for North Carolina, \$14,912,-137; for Georgia, \$16,757,195; for Virginia, \$19,167,935. And for all fruits for North Carolina, \$6,554,397; for Georgia, \$10,935,703; for

Virginia, \$17,770,660.

East South Central States: It will be seen by comparing the value of the eggs produced and chickens reared in Kentucky, \$26,210,757; Tennessee, \$29,065,336; and Mississippi, \$15,132,499; that in each instance they exceeded in value the dairy products which were: Kentucky, \$22,487,710; Tennessee, \$20,640,849; Mississippi, \$11,772,201; and also exceeded in these States the value of the wool and all fruits, the wheat, and the oats, respectively

West South Central States: The value of eggs produced and chickens reared in Oklahoma was \$28,634,007; Arkansas, \$16,245,102; Louisiana, \$8,835,402; and also these products exceeded in each instance the value of the wool; and in Louisiana and Oklahoma exceeded all fruits; in Arkansas and Louisiana exceeded wheat and

the oats.

Mountain States: The value of the chickens reared and eggs produced in Colorado, \$8,773,648, exceeded in value wool, which was \$4,877,656; and all fruits, \$8,757,678; and oats, \$4,308,752. In Idaho chickens reared and eggs produced were valued at \$5,673,217 and exceeded the value of the oats and corn combined. In Utah chickens reared and eggs produced had a value of \$2,887,510 and exceeded in

value the oats and the corn combined.

Pacific States: In the case of the three Pacific Coast States, the value of eggs produced and chickens reared in 1919 was for Washington, \$13,779,958; for Oregon, \$9,018,444; for California, \$40,341,744. In the State of Washington the value of eggs produced and chickens reared exceeded the value of the wool, which was \$2,254,025; the potatoes, \$12,320,093, and the corn and oats combined. In Oregon the value of the chickens reared and eggs produced exceeded the value of the wool, which was \$8,019,524; the potatoes, \$7,433,878, and the corn and oats combined. In California the eggs produced and chickens reared was higher than the value of the wool, which was \$6,695,461; the wheat, \$36,938,477; the corn, \$5,862,388; the potatoes, \$20,896,048; and more than four-fifths the value of the dairy products, which were \$55,642,629.

From this brief consideration of the value of the chickens reared and eggs produced in comparison with some of the principal products which they closely approached or exceeded in value, one can not escape the conclusion that the poultry industry, because of its size, as well as the importance of the products which it contributes to the nourishment and health of the Nation, is entitled to the same consideration in the framing of a tariff law that is given to other agri-

cultural or industrial products.

(Figures are on file with the Senate Finance Committee. The table referred to is here printed in full, as follows:)

Table XVI.—Value of some agricultural products produced in 1919.

[Data: Fourteenth Census of the United States, 1920—Agriculture. Prepared by poultry department, New York State College of Agriculture, Cornell University, Ithaca, N. Y.]

MIDDLE ATLANTIC STATES, New York:	
	491 AQ7 501
Eggs. Chickens reared.	\$31, 087, 581 11, 753, 918
Total (eggs produced and chickens reared)	42, 841, 499
Dairy products	
Wool	1, 976, 986
All fruits	51, 519, 503
Wheat	20, 556, 621
Oats	21, 595, 461
Corn	
New Jersey	
Eggs.	7. 304. 051
Chickens reared	4. 896, 659
Total (eggs produced and chickens reared)	12, 200 . 716
Dairy products	19, 198, 718
Wool.	32, 020
All fruits	11, 809, 078
Wheat	3, 087, 324
Oats.	1, 403, 453
Corn	14, 480, 577
Potatoes (Irish or white and sweet)	25. 304. 847
NEW ENGLAND STATES.	
Massachusetts:	0.050.000
	6, 050, 693 2, 953, 314
Massachusetts: Eggs	
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared).	2, 953, 314 9, 004, 007
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products.	2, 953, 314 9, 004, 007 224, 765, 552
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool.	2, 953, 314 9, 004, 007 224, 765, 552 55, 666
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits.	2, 953, 314 9, 004, 007 224, 765, 552 55, 666 9, 811, 540
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits. Wheat.	2, 953, 314 9, 004, 007 224, 765, 552 55, 666 9, 811, 540 76, 484
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits. Wheat. Oats.	2, 953, 314 9, 004, 007 224, 765, 552 55, 666 9, 811, 540 76, 484 302, 276
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits. Wheat.	2, 953, 314 9, 004, 007 224, 765, 552 55, 666 9, 811, 540 76, 484
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits. Wheat. Oats. Corn. Potatoes (Irish or white).	2, 953, 314 9, 004, 007 224, 765, 552
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits. Wheat. Oats. Corn. Potatoes (Irish or white).	2, 953, 314 9, 004, 007 224, 765, 552
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits. Wheat. Oats. Corn. Potatoes (Irish or white).	2, 953, 314 9, 004, 007 224, 765, 552
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared) Dairy products. Wool. All fruits Wheat. Oats. Corn. Potatoes (Irish or white). Connecticut: Eggs. Chickens reared. Total (eggs produced and chickens reared)	2, 953, 314 9, 004, 007 224, 765, 552
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool All fruits. Wheat. Oats. Corn. Potatoes (Irish or white). Connecticut: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products.	2, 953, 314 9, 004, 007 224, 765, 552
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared) Dairy products. Wool. All fruits Wheat. Oats. Corn. Potatoes (Irish or white). Connecticut: Eggs. Chickens reared. Total (eggs produced and chickens reared) Dairy products. Wool.	2, 953, 314 9, 004, 007 224, 765, 552
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool All fruits. Wheat. Oats. Corn. Potatoes (Irish or white). Connecticut: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products.	2, 953, 314 9, 004, 007 224, 765, 552
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared) Dairy products. Wool. All fruits Wheat. Oats. Corn. Potatoes (Irish or white). Connecticut: Eggs. Chickens reared. Total (eggs produced and chickens reared) Dairy products. Wool.	2, 953, 314 9, 004, 007 224, 765, 552
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits. Wheat. Oats. Corn. Potatoes (Irish or white). Connecticut: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits.	2, 953, 314 9, 004, 007 224, 765, 552
Massachusetts: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits. Wheat. Oats. Corn. Potatoes (Irish or white). Connecticut: Eggs. Chickens reared. Total (eggs produced and chickens reared). Dairy products. Wool. All fruits. Wheat. Wheat.	2, 953, 314 9, 004, 007 224, 765, 552

2911

TARIFF-AGRICULTURAL PRODUCTS AND PROVISIONS.

	•
New Hampshire:	•
Eggs	\$ 2, 853, 022
Chickens reared	1, 480. 788
Total (eggs produced and chickens reared)	4, 341, 810
Daine unadeata	10 004 000
Dairy products	10, 224, 888
All fruits	2, 605, 103
Wool	95, 392 50, 526
Oats	485, 367
Corn	844, 793
Potatoes (Irish or white)	2, 952, 351
EAST NORTH CENTRAL STATES.	
Ohio:	
Eggs	42 998, 400
Chickens reared	21, 110, 733
Total (eggs produced and chickens reared)	64, 109, 133
Dairy products	81, 148, 586
Wool	10, 074, 579
All fruits	15, 172, 769
Wheat	177, 873, 574
Oats	39, 795, 590 217, 274, 709
Corn Potatoes (Irish or white and sweet)	18, 186, 036
1 October (11151) of writter and sweet)	10, 100, 000
Indiana:	
Eggs	32, 409, 504
Chickens reared	20, 356, 466
Total (eggs produced and chickens reared)	52,765,970
	11.070.010
Dairy products.	44, 072, 646
Wool	21, 319, 545
All fruits	4, 842, 535
Wheat. Oats	98, 101, 056 42, 023, 780
Corn	229, 975, 713
Potatoes	6, 547, 749
1 00000000	
Illinois:	
Eggs	40, 188, 995
Chickens reared	27 , 502 , 0 80
Total (eggs produced and chickens reared)	67,690,085
Delement Late	71 000 000
Dairy products	71, 998, 333
Wool	2, 217, 103
All fruits	14, 572, 750 155, 960, 014
Oats	
Corn	
Potatoes	12, 615, 616
=	=======================================
Michigan:	
Eggs	23. 514, 540
Chickens reared	11, 446, 231
	
Total (eggs produced and chickens reared)	34,960,771
Data and Lak	00 700 110
Dairy products	62, 783, 113
Wool	4, 622, 979
All fruits	26, 129, 793

2912 TARIFF—AGRICULTURAL PRODUCTS AND PROVISIONS.

	,
Michigan—Continued.	
Wheat	\$45 , 722, 488
Oats	
Corn	67, 633, 385
Potatoes	
1 0tawes	49, 007, 420
Wisconsin:	
Eggs	20, 224, 403
Chickens reared	
Onicagus realeu	
Total (eggs produced and chickens reared)	30, 288, 326
Dairy products	180, 306, 599
Wool	1, 691, 728
All fruits	5 , 043 , 189
Wheat	16, 489, 016
Oats	58, 05 1, 788
Corn	64, 593 , 729
Potatoes (Irish or white and sweet)	60, 664, 851
totalocs (ITISH of white and sweet)	
WEST NORTH CENTRAL.	
Minnesota:	
Eggs.	21, 689 , 835
Chickens reared.	11, 748, 661
,	
Total (eggs produced and chickens reared)	33, 438 , 496
Dairy products.	77, 870, 358
Wool	1, 557, 736
All fruits	3, 145, 513
Wheat	88, 398, 508
Oats.	66, 831, 124
Corn	110, 221, 931
Potatoes (Irish or white and sweet)	57, 384, 117
North Dakota:	
Eggs	7, 078, 938
Chickens reared.	3, 407, 448
Onickens reared	3, 407, 440
Total (eggs produced and chickens reared)	10, 486, 386
Dairy products	10 576 242
Dairy products	19, 576, 343
All fruits.	913, 176
Wheat	94, 880 147, 696 , 970
Oats	24, 235, 260
Corn	5, 42 7, 636
Potatoes (Irish or white).	10, 142, 747
1 000000 (11DH 01 WH10)	=======================================
Iowa:	
Eggs.	42, 244, 0 62
Chickens reared.	27, 968 , 482
•	
Total (eggs produced and chickens reared)	70, 212, 544
Dairy products	55, 408, 744
Wool	3, 762, 486
All fruits	7, 056 , 389
Wheat	44, 479, 372
Oats.	140, 284, 289
Corn	501, 339, 232
Potatoes.	11, 437, 463
I UM UUCO	11, 107, 400

SOUTH ATLANTIC STATES.

SOUTH ATLANTIC STATES.	
Virginia: Eggs	\$15, 351, 533 9, 786, 435
Total (eggs produced and chickens reared)	. 25, 137, 968
Dairy products	
All fruits. Wheat.	. 17, 770, 660
Oats	2, 154, 475
Corn Potatoes.	
North Carolina:	10 400 000
Eggs Chickens reared	
Total (eggs produced and chickens reared)	20, 406, 603
Dairy products.	
Wool. All fruits.	
WheatOats	
Potatoės (Irish or white and sweet).	18, 218, 058
Corn	79, 946, 722
Georgia: 44 Eggs. Chickens reared.	
Total (eggs produced and chickens reared)	109, 218, 622
Dairy products	
Wool	93, 363 10, 935, 703
Wheat:	2, 823, 527
Oats Corn	90, 111, 074
Potatoes (Irish or white and sweet)	14, 836, 886
Missouri: Eggs	42, 193, 285
Chickens reared	24, 077, 744
Total (eggs produced and chickens reared)	66, 271, 029
Dairy products.	34, 752, 845
Wool	4, 161, 236 18, 454, 698
Wheat	140, 202, 501 32, 394, 961
Oats Potatoes (Irish or white and sweet)	12, 239, 389
Corn	219, 513, 084
Kansas: Eggs. Chickens reared.	26, 647, 816 17, 552, 028
Total (eggs produced and chickens reared).	44, 199, 844
Dairy products.	34, 920, 619
Wool	1, 017, 405 6, 349, 662
Wheat.	320, 707, 580
Oats Corn	29, 005, 885 86, 593, 760
Potatoes.	8, 00 5, 316
•	

2914 TARIFF—AGRICULTURAL PRODUCTS AND PROVISIONS.

EAST SOUTH CENTRAL.

EAST SOUTH CENTRAL.	
· Kentucky:	
Eggs	\$15, 200, 899
Chickens reared	11, 009, 860
Total (eggs produced and chickens reared)	26, 210, 757
Total (eggs produced and chickens leaded)	20, 210, 707
Dain a see de etc	00 407 710
Dairy products	
Wool	
All fruits	
Wheat	
Oats	2, 931, 018
Corn.	125, 157, 359
Potatoes.	
Tennessee:	
Eggs	18, 021, 644
Chickens reared.	
Onickens reared	11, 043, 692
M-4-1 / dured and abidens	00 005 000
Total (eggs produced and chickens reared)	29, 065, 336
Th. 1 1	20.010.010
Dairy products	20, 640, 849
Wool	
All fruits	7, 888, 912
Wheat	
Oats	2, 534, 082°
Corn	
Potatoes (Irish or white and sweet)	11, 787, 079
2 Old Color Carrier Carrier Color Color Color Color Carrier Ca	
Mississippi:	
Eggs	0 097 641
Olympia	9, 037, 641
Chickens reared	6, 094, 8 58
	77 700 100
Total (eggs produced and chickens reared)	15, 132, 499
Dairy products	11, 772, 201
Wool	253, 616
All fruits	2, 911, 066
Wheat	
Oats	
Corn	
Potatoes	
TOURIUES	10, 803, 210
WEST SOUTH CENTRAL STATES.	
Arkansas:	
Eggs	
Chickens reared	6, 104 , 519
Total (eggs produced and chickens reared)	16, 245, 102
,	
Dairy products	13, 445, 124
Wool	
All fruits	
Wheat	
	_''
Oats	2,703,753
Corn	
Potatoes (Irish or white and sweet)	11, 346, 032
	=======================================
Louisiana:	
Eggs	4, 991, 697
Chickens reared	3, 843, 705
Total (eggs produced and chickens reared)	8, 835, 402
(00° F	
Dairy products	4, 509, 985
Wool	205, 239
All fruits	3, 054, 854
ALIA AI WAW3	0, 001, 001

ouisiana—Continued.	-0
Wheat	\$ 3, 113, 60
Oats	538, 31
Corn	36, 848, 52
Potatoes (Irish or white and sweet)	10, 923, 04
klahoma:	16, 358, 40
Eggs.	
Chickens reared	12, 276, 60
Total (eggs produced and chickens reared)	28, 634, 00
Dairy products	20, 878, 92
Wool	254, 02
All fruits	9, 384, 50
Wheat	
Oats	
Corn	72, 698, 97
Potatoes (Irish or white and sweet)	7, 543, 30
MOUNTAIN STATES.	
olorado: Eggs	5, 668, 95
Chickens reared	3, 104, 69
Total (eggs produced and chickens reared)	8, 773, 64
Dairy products	12, 674, 03
Wool	
All fruits	8,757,67
Wheat	37, 616, 96 4, 308, 75
Oats	
Corn	
daho:	
Eggs	4, 052, 86
Chickens reared	
Total (eggs produced and chickens reared)	5, 673, 21
Dairy products	8, 065, 64
Wool	
All fruits	
Wheat	66, 648, 08
Oats	a' aaa' = 1
Corn	* ^ ^ ^ ^ ^
Potatoes (Irish or white)	
tah:	
Eggs.	2, 112, 3
Chickens reared	
Total (eggs produced and chickens reared)	2, 887, 5
Dairy products	4, 809, 08
Wool.	
All fruits	3, 822, 73
Wheat	9, 022, 15
Oats	2, 069, 26
Corn	517, 4 5
Potatoes (Irish or white and sweet)	

PACIFIC STATES.	
Washington:	
Eggs	\$10,037,591
Chickens reared	3, 742, 361
C.11.0.10.10.10.10.10.10.10.10.10.10.10.1	
Total (eggs produced and chickens reared)	13 779 952
Tom (0550 broadood and outstatour tomod)	
Dairy products	27, 620, 231
Wool	2, 254, 025
All fruits.	51, 662, 307
Wheat	91, 206, 642
Oats	
	8, 073, 481
Corn	1, 623, 433
Potatoes (Irish or white)	12, 320 , 09 3
Oregon:	,
Eggs	6, 435, 317
Chickens reared	2, 583, 127
Total (eggs produced and chickens reared)	9, 018, 444
(-88- F	
Dairy products	17, 651, 409
Wool	8, 019, 524
All fruits	20, 373, 412
Wheat	41, 201, 480
Oats.	7, 939, 537
	1, 396, 959
Corn	
Potatoes	7, 433, 878
California:	
Eggs	31, 420, 704
Chickens reared	8, 921 , 040
	
Total (eggs produced and chickens reared)	40, 341, 744
,	
Dairy products	55, 642, 649
Wool	6, 695, 461
All fruits.	770, 910, 698
Wheat	36, 938, 477
Oats	2, 966, 776
~ · · · · · · · · · · · · · · · · · · ·	
	5, 862, 388
Potatoes	20, 896, 04 8

Prof. Rice. Figure 25 ¹ and Table XVII: It is a significant fact, which we should take seriously into consideration, that the population of the United States is increasing more rapidly than is egg production. The statistics of human population, as shown by the last census in 1919, was 105,710,620, and in 1909 it was 91,972,226, an increase of 13,738,354, which is 14.9 per cent increase. In 1919 the eggs produced was 1,656,267,200 dozen, as compared to 1,574,979,416 dozen eggs for 1909, or an increase of 81,287,784 dozen eggs, or 5.14 per cent increase during the 10-year period.

Not only has our population increased more rapidly than has egg production, but other statistical studies which we have made show that consumption of eggs per capita has materially decreased during the 10 years between the Thirteenth and Fourteenth Census periods. Our estimates from the Thirteenth Census figures, 1909, was an average consumption of 17.31 dozen eggs per capita. In the Fourteenth Census it was 15.41 dozen eggs per capita, a decrease of 1.9 dozen, or 21 eggs per capita. For the United States this would mean a reduction of 200,850,178 dozen eggs consumed, or 10.9 per cent.

¹ On file with the Senate Finance Committee.

This reduction in the number of eggs consumed would be nearly equal to the combined egg production in 1919 of the States of Ohio

and Illinois.

The inevitable conclusion from these two facts is that the United States, with all of its natural advantages for efficient production of poultry and eggs, is finding it more profitable to produce other products or to engage in other occupations. Otherwise our production would increase with our population, because there is an abundance of land, building materials, equipment, labor, and other

factors for the successful and economical production of eggs.

The comparatively small increase in eggs produced and lower egg consumption per capita is undoubtedly due to the unfavorable conditions for the development of the poultry industry, largely as a result of the World War. Taking into consideration the United States as a whole, particularly in those sections very far remote from the large grain growing areas, the poultry industry suffered a serious decline during the war. Figure 30 1 shows in two parallel columns graphically the number of dozen eggs produced in 1909 as compared to 1919 for each State. Those on the left are the States showing increases in dozen eggs produced during the 10-year period, while

those on the right show a decrease in dozen eggs produced.

These show conspicuously that all of the New England States, Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut, and the Middle Atlantic States, New York and New Jersey, with the exception of Pennsylvania, were producing less eggs when the census was taken in 1919 than they were 10 years before. The other States showing a decrease were: Michigan, Kansas, Delaware, Maryland, District of Columbia, Kentucky, Louisiana, and In Kansas, for example, there was a decrease from 81,987,689 to 76,136,616, or 4,951,073 dozens, or 6.49 per cent, while there was an increase in population from 1,690,949 to 1,769,257, or 78,308, or 4.63 per cent. In Texas there was a decrease in egg production from 77,377,977 dozen to 70,625,008 dozen or 6,752,869 dozen, or 9.54 per cent. During the same length of time there was an increase in population from 3,896,542 to 4,663,228, or 766,686, or 19.21 per cent.

It will readily be seen that the conspicuous increases in production occurred in the large grain-growing sections in the Middle West and including the North Central States and also the Pacific Coast States. lowa shows an increase in egg production of from 108,662,882 to 120,697,319, or 12,034,437 dozen, or 11.08 per cent, while the population increased from 2,224,771 to 2,404,021, or 179,250, or 8.10 per California showed the largest increase in the production from 40.735,238 dozen to 64,123,885 dozen, or 24,388,647 dozen, or 59.86 per cent, while the human population increased from 2,377,549 to

3,426,861, or 1,059,312, or 44.13 per cent.

Pennsylvania is a conspicuous example of a State that made a sensational increase in human population and only a very slight increase in the dozens of eggs produced, namely, an increase in population from 7,665,111 to 8,720,017, or 1,054,906, or 13.76 per cent, and an increase in production from 73,683,489 dozen to 75,998,172 dozen, or 2,314,683 dozen, or 3.14 per cent. As examples of States that

¹⁰n file with the Senate Finance Committee.

showed a large increase in population and a material decrease in egg production are New York, Massachusetts, Connecticut, New Jersey, Michigan, and Texas. For example, in New York there was an increase in human population of from 9,113,614 to 10,385,227, or 1,271,613, or 11.39 per cent, and the reduction in the dozens of eggs produced, 71,191,449 to 62,175,162, or 9,016,287 dozen, or 14.50 per cent. Estimates that we are able to make of the decrease in poultry population on account of war conditions show an estimated decrease of one-third to one-half of the total poultry population for some of the New England and Middle Atlantic States. Thus it will be seen that in these States the poultry population before the war has not been fully restored.

Are we not under national obligation to enact such tariff legislation as may be necessary to make it easier for our own people in all of the States to return to normal conditions, and to make such profits as will enable them to produce eggs and poultry to sell direct from the American farms to American consumers?

(The figures are on file with the Senate Finance Committee. The table referred to is here printed in full, as follows:)

Table XVII.—Population and egg production United States, 1919–1909—States showing increase and decrease.

Geographic division.	Dozens of eggs pro- duced, 1919.	State population, 1919.	Dozens of eggs pro- duced, 1909.	State population, 1909.
New England States:				
Maine	1 9, 977, 349	768,014	14,876,215	742, 371
New Hampshire	1 5,005,302	443, 083	7, 469, 472	430, 572
Vermont	1 5, 166, 689	352, 428	77,001,897	355,956
Massachusetts	1 9, 604, 274	3, 852, 356	14, 145, 240	3, 366, 416
Rhode Island	1 1, 536, 858	604,397	2, 862, 246	542,610
Connecticut	1 6, 341, 424	1,380,631	8, 497, 812	1, 114, 756
Middle Atlantic States:	, ,	,,	-,,	_,,
New York	¹ 62, 175, 162	10, 385, 227	71, 191, 449	9, 113, 614
New Jersey	1 13, 280, 104	3, 155, 900	14,590,530	2, 537, 167
Pennsylvania	75, 998, 172	8,720,017	73, 683, 489	7, 665, 111
East North Central States:	. , , ,	, , , , , , ,	,,	.,
Ohio	102, 377, 143	5,759,394	100, 284, 261	4, 767, 121
Indiana	83, 101, 293	2,930,390	80, 028, 638	2, 700, 876
Illinois	105, 757, 907	6, 485, 280	99, 118, 224	5, 638, 591
Michigan	1 55, 986, 999	3, 688, 412	59, 556, 356	2, 810, 173
Wisconsin	53, 222, 114	2,632,067	50, 269, 446	2, 333, 860
West North Central States:	, ,		,,	2, 500, 000
Minnesota	60, 249, 543	2,387,125	53, 323, 702	2,075,70
Iowa	120, 697, 319	2, 404, 021	108, 662, 882	2, 224, 771
Missouri	117, 203, 569	3, 404, 055	110, 922, 159	3, 293, 335
North Dakota	20, 820, 407	6,646,872	17, 069, 496	577, 056
South Dakota	30, 419, 957	636, 547	24,641,342	583,88
Nebraska	49, 132, 537	1, 296, 732	46, 460, 624	1, 192, 214
Kansas	1 76, 136, 616	1,769,257	81, 987, 689	1,690,94
South Atlantic States:		, ,	. , ,	-,,
Delaware	i 3, 908, 463	223, 003	4, 395, 100	202, 322
Maryland	1 15, 085, 691	1, 449, 661	15, 238, 591	1, 295, 346
District of Columbia	1 42, 932	437, 571	51,062	331,069
Virginia	36, 551, 269	2, 309, 197	34, 539, 082	2, 061, 612
West Virginia	21, 708, 279	1, 463, 701	18, 948, 259	1, 221, 119
North Carolina	24, 841, 021	2, 559, 123	23, 179, 226	2, 206, 287
South Carolina	12, 812, 143	1, 683, 724	10, 983, 171	1, 515, 400
Georgia	23, 181, 939	2, 895, 832	20, 606, 219	2, 609, 121
Florida	6, 530, 563	968, 470	6, 349, 051	752, 619
East South Central States:	, ,	, 1	, ,	,
Kentucky Tennessee	1 42, 224, 720	2, 416, 630	43, 781, 616	2, 289, 903
Tennessee	48, 707, 146	2, 337, 885	41, 244, 285	2, 184, 789
Alabama	23, 436, 979	2, 348, 174	21, 945, 662	2, 138, 093
Mississippi	23, 783, 265	1, 790, 618	20, 337, 062	1, 797, 114
West South Central States:				,,
Arkansas	28, 168, 285	1, 752, 204	26, 486, 526	1, 574, 449
Louisiana	1 13, 136, 046	1, 798, 509	14, 423, 023	1, 656, 388
Oklahoma:	45, 440, 017	2, 028, 283	45, 356, 592	1, 657, 155
Texas	1 70, 625, 008	4, 663, 228	77, 377, 977	3, 896, 542

¹ States showing decrease in dozens of eggs produced in 1919.

ABLE XVII.—Population and egg production United States, 1919-1909—States showing increase and decrease—Continued.

Geographic division.	Dozens of eggs pro- duced, 1919.	State population, 1919.	Dozens of eggs pro- duced, 1909.	State population, 1909,
ountain States:				
Montana	11, 858, 042	548, 889	5, 950, 015	373, 053
Idaho	10, 391, 962	431, 866	6, 433, 840	325, 594
Wyoming	33, 171, 951	194, 402	2, 070, 799	145, 965
Colorado	14, 172, 375	939, 629	10, 577, 829	799, 024
New Mexico	3, 062, 790	360, 350	2,961,352	327, 301
Arizona	2, 524, 832	334, 162	1, 732, 872	204, 354
Utah	5, 507, 076	449, 396	4, 641, 829	373, 351
Nevada	895, 487	77, 407	862, 655	81, 875
acific States:	****,	,	,	02,010
Washington	21, 356, 576	1, 356, 621	16, 373, 740	1, 141, 990
Oregon		783, 389	11, 835, 462	672, 765
California	64, 123, 885	3, 426, 861	40, 735, 238	2, 377, 549
Cantor ma	Uz, 120, 000	0, 120, 001	TU, 100, 200	2,311,349
Total	1, 656, 267, 200	105, 710, 620	1, 574, 979, 416	91, 972, 226

Prof. Rice. Figures 26, 27, and 28¹ and Table XVIII: Tariff rates hould be based on the quantity and value that each egg product pears to shell eggs. The method which we have used in attempting o arrive at equitable rates on egg products is shown in figures 26, 27, and 28,1 which show the estimated amounts of various egg products to be derived from shell eggs and the comparative values of the various egg products, assuming shell eggs to be worth 20 cents per dozen and the products to be worth the prices indicated in the spring of he year, the prices being the actual quotations furnished by large mporting firms, as shown in the tables. For example, it is shown n figures 26, 27, and 28,1 assuming that a dozen eggs in the shell veigh on an average 11 pounds, then the frozen or liquid whole egg emoved from the shell would weigh 1.16 pounds, and the frozen or iquid egg yolk would weigh 0.56 pound, while the frozen or liquid egg albumen would weigh 0.6 pound, or the two taken together would be the same as the frozen or liquid whole egg. The whole dried egg would weigh 0.32 pound, which would be the amount of the contents of the egg less the moisture which had been removed in the drying process. The dried egg yolk would weigh 0.25 pound and the dried egg albumen 0.17 pound, the larger proportion of moisture being retained in the dried egg yolk which is found necessary in the preparation as compared to the greater evaporation of the dried egg albumen. In this chart is shown also the number of shell eggs, expressed in fractions of a dozen, required to produce 1 pound of the egg product. For example, taking the same average weight for shell eggs as indicated above, as 1½ pounds, it would require, in order to produce 1 pound of shell eggs, 0.666 of a dozen; for 1 pound of frozen or liquid whole egg it would require 0.86 of a dozen; for frozen or liquid egg yolk it would require 1.8 dozens; for frozen or liquid egg albumen it would take 1.66 dozens; for 1 pound of dried whole egg it would require 3.16 dozens; for dried egg yolk it would take 4 dozens; and for 1 pound of dried egg albumen there would be required 5.83 dozens. These figures and graphs show that if equitable tariff rates are to be arrived at the rates to be decided upon should be in proportion to

¹On file with the Senate Finance Committee.

the quantity and value of each of the commodities based on the value of shell eggs during the months when the largest number are purchased for freezing and drying. Otherwise the importer would be able to ship his products into this country in the particular form. either as whole eggs or egg yolks or egg albumen in the frozen or dried forms, depending upon which commodity required the payment of the lowest duty in proportion to the value of the product. Juggling the preparation of egg products in order to avoid paying tariff duties has been resorted to successfully in the past and should be prevented in the future. This can best be accomplished by making the tariff rates fit the quantities and values which the products bear to the quantity and cost of shell eggs and other actual costs which went into the manufactured products.

Figure 27 ¹ gives the wholesale market price per pound and per dozen of shell eggs and equivalent in egg products, using the actual wholesale market prices quoted for March, April, and May by importers, this being the season when the great bulk of eggs is purchased in the Orient, to be frozen or dried for export at which time the products are sold under contract for a year in advance to be delivered as wanted. Obviously the prices at this season of the year would be more nearly correct, although not exact, as a means of estimating values for a year than it would be to take the average for each month in the year or for a market price at any particular season. Not being able to estimate accurately the average cost to break and freeze or dry the numerous egg products, we have used the selling price as representing the comparative values of egg products.

It will be seen from the table that assuming eggs in shell to be worth 20 cents per dozen, then a pound of shell eggs will be worth \$0.166; frozen whole eggs, \$0.245 per pound; frozen or liquid egg yolks, \$0.26 per pound; frozen or liquid egg albumen, \$0.245 per pound; dried whole eggs \$0.75 per pound; dried egg yolks, \$0.60 per pound; dried egg albumen, \$1.50 per pound, not including the cost of manufacturing. When expressed in the wholesale price per dozen for eggs in shell and for egg products in the United States in April, 1921, as follows: The value of each product derived from a dozen eggs weighing 1.5 pounds would be, for eggs in shell, 20 cents per dozen; frozen or liquid whole eggs, \$0.2842 per pound; frozen or liquid egg yolks, \$0.1456 per pound; frozen or liquid egg albumen, \$0.1470 per pound; dried whole eggs, \$0.2400 per pound; dried egg yolks, \$0.1500 per pound; dried egg albumen, \$0.2550 per pound. These figures are based on the proportionate values as per wholesale prices quoted above for each of the egg products that would be produced from a dozen of shell eggs weighing 1.50 pounds.

In figure 28 is shown a comparison of the proposed tariff rates on eggs and egg products, which are based on the weight of United States eggs weighing 1.5 pounds to the dozen, and the wholesale price in the United States of imported eggs in comparison with the rates in the Fordney bill and the recommended increase in rates for the Senate bill. From these estimates it will be seen that in the case of frozen or liquid whole eggs the rates based on the actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, the tariff duty should be \$0.073 per pound instead of 4 cents, as in the

¹ On file with the Senate Finance Committee.

Fordney bill; and if the rate on the frozen or liquid whole eggs were to be based on the actual quantity and value of this egg product, assuming shell eggs at 8 cents, then the frozen product rate should be \$0.097 instead of 8 cents per pound, as recommended in the Senate bill, so that an 8-cent rate per pound for frozen or liquid whole eggs is lower in proportion according to comparative values than shell

eggs at 8 cents per dozen.

In the case of frozen or liquid egg yolks the rate based on the actual quantity and value of this egg product, assuming the rate on shell eggs at 6 cents per dozen as in the Fordney bill, should be \$0.077 per pound instead of 4 cents per pound, as in the Fordney bill; and the rate based on the actual quantity and value of this egg product, assuming the rate on shell eggs to be 8 cents per dozen would mean that the frozen or liquid egg yolks should carry a rate of \$0.103 per pound instead of 8 cents as recommended for the Senate bill. In this case also the 8-cent rate recommended is lower than the estimated amount based on shell eggs at 8 cents per dozen.

As to the frozen or liquid egg albumen the rate based on actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, as in the Fordney bill, would be exactly 6 cents per pound for the frozen or liquid egg albumen instead of 4 cents per pound, as provided in the Fordney bill, and the rate based on actual quantity and value of this egg product, assuming shell eggs 8 cents per dozen, would be 8 cents per pound for the frozen or liquid egg albumen, which is precisely the same as the rate recommended for

the Senate bill.

The dried whole egg rates based upon actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, as in the Fordney bill, would mean a tariff duty of 0.225 cents per pound instead of 15 cents per pound, as in the Fordney bill; and for rates based on actual quantity and value of this egg product, assuming shell eggs at 8 cents per dozen as recommended for the Senate bill, would be 30 cents per pound for the dried whole egg instead of 24 cents as suggested for the Senate bill. Here again the recommended Senate rate would be considerably less than the estimated rate for the dried whole egg.

For the dried egg yolk the rate based on the actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, as in the Fordney bill, would mean an 18-cent per pound tariff rate on the dried egg yolks instead of 15 cents per pound, as in the Fordney bill, assuming the rate to be based on actual quantity, and the value of this egg product, and assuming shell eggs at 8 cents per dozen, the rate should be 24 cents per pound for the dried egg yolks which is the

same as recommended for the Senate bill.

Taking the dried egg albumen and assuming the rate based on actual quantity and value of this egg product, assuming shell eggs at 6 cents per dozen, as in the Fordney bill, the rate should be 45 cents per pound instead of 15 cents per pound, as provided in the Fordney bill. Taking the rates based on actual quantity and value of this egg product, assuming shell eggs at 8 cents per dozen, then dried egg albumen should carry a tariff rate of 60 cents per pound instead of 24 cents as recommended for the Senate bill.

From these studies it will be seen that the rates recommended by the poultry producers to be included in the Senate bill of 8 cents per pound for frozen eggs and egg products and 24 cents per pound for the dried eggs and egg products are the same or lower than the estimated rates based on quantity and value of products to be derived from shell eggs bearing a tariff rate of 8 cents per dozen. (Figures 26, 27, and 28 are on file with Senate Finance Committee. The table referred to is here printed in full or follows:)

The table referred to is here printed in full, as follows:)

TABLE XVIII.

Number of pounds of egg products produced from one dozen of shell eggs.

[Average of figures as quoted by the following authorities, United States, in April, 1921: H. J. Keii Mass.; Morris-Ovson Co., Chicago, Ill.; Titman-Harding Co., Kansas City, Mo.: H. A. McAle States Department of Agriculture, Washington, D. C. Prepared by the poultry department, State College of Agriculture, Cornell University, Ithaca, N. Y.]	th, Boston, eer, United New York
22. 4. 4. 4. 4. 4. 4. 4. 4. 4. 4. 4. 4. 4.	Pounds.
Eggs in shell	1.50
Frozen or liquid whole egg	1. 16
Frozen ør liquid whole egg. Frozen or liquid egg yolk.	56
Frozen or liquid egg york	60
Frozen or liquid albumen. Dried whole egg	32
Dried on valle	
Dried egg yolk. Dried egg albumen.	17
Dried egg arbumen.	1/
Number of shell eggs required to produce one pound of egg product.	
[Average of figures as quoted by the following authorities in the United States, April, 1921: H. Boston, Mass.; Morris-Ovson Co., Chicago, Ill.; Titman-Harding Co., Kansas City, Mo.; H. A. United States Department of Agriculture, Washington, D. C.]	A. McAleer,
	Dozens.
Eggs in shell	0 . 666
Frozen or liquid whole eggs	860
Frozen or liquid whole eggs Frozen or liquid egg yolk Frozen or liquid egg albumen	1.80
Frozen or liquid egg albumen	1.66
Dried whole egg	3.16
Dried egg yolk	4.00
Dried egg albumen	5. 83
Wholesale market price per pound and per dozen of shell eggs and equivalent in egg [Assuming wholesale price per pound of egg product as quoted by following authoritice, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City.—\$0.20 per dozen or \$0.163 per pound is the average wholesale price of imported eggs United States, for March, April, and May, 1921. Prepared by the poultry department, New College of Agriculture, Cornell University, Ithaca, N. Y.]	products. d States, in New York in shell, in York State
[Assuming wholesale price per pound of egg product as quoted by following authoritice, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mcars Co., Citw.—\$0.20 per doen or \$0.163 per bound is the average wholesale price of imported eggs United States, for March, April, and May, 1921. Prepared by the poultry department, New College of Agriculture, Cornell University, Ithaca, N. Y.]	products. c States, in New York in shell, in York State Per pound.
[Assuming wholesale price per pound of egg product as quoted by following authoritice, United April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., Citw.—\$0.20 per down or \$0.163 per bound is the average wholesale price of imported eggs United States, for March, April, and May, 1921. Prepared by the poultry department, New College of Agriculture, Cornell University, Ithaca, N. Y.] Eggs in shell.	products. d States, in New York in shell, in York State Per pound. \$0. 1666
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City	products. d States, in New York in shell, in York State Per pound. \$0. 1666 . 245
[Assuming wholesale price per pound of egg product as quoted by following authoritics, United April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., Citw.—\$0.20 per do en or \$0.16\frac{3}{2} per bound is the average wholesale price of imported eggs United States, for March, April, and May, 1921. Prepared by the poultry department, New College of Agriculture, Cornell University, Ithaca, N. Y.] Eggs in shell. Frozen or liquid whole eggs. Frozen or liquid egg yolks.	products. d States, in New York in shell, in York State Per pound. \$0. 1666 . 245 . 26
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City.—\$0.20 per do en or \$0.16\frac{3}{2} per pound is the average wholesale price of imported eggs United States, for March, April, and May, 1921. Prepared by the poultry department, New College of Agriculture, Cornell University, Ithaca, N. Y.] Eggs in shell. Frozen or liquid whole eggs. Frozen or liquid egg yolks. Frozen or liquid egg albumen.	products. d States, in New York in shell, in York State Per pound. \$0. 1666 245 26 26 245
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., Citv.—\$0.20 per do en or \$0.163 per pound is the average wholesale price of imported eggs United States, for March, April, and May, 1921. Prepared by the poultry department, New College of Agriculture, Cornell University, Ithaca, N. Y.] Eggs in shell. Frozen or liquid whole eggs. Frozen or liquid egg yolks. Frozen or liquid egg albumen. Dried whole eggs.	products. d States, in New York in shell, in York State Per pound. \$0. 1666 . 245 . 26
[Assuming wholesale price per pound of egg product as quoted by following authoritics, United April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City	products. d States, in New York in shell, in York State Per pound. \$0. 1666 245 26 245 75 60
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., Citv.—\$0.20 per do en or \$0.163 per pound is the average wholesale price of imported eggs United States, for March, April, and May, 1921. Prepared by the poultry department, New College of Agriculture, Cornell University, Ithaca, N. Y.] Eggs in shell. Frozen or liquid whole eggs. Frozen or liquid egg yolks. Frozen or liquid egg albumen. Dried whole eggs.	products. d States, in New York in shell, in York State Per pound. \$0. 1666 245 26 245 75 60
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City	products. d States, in New York in shell, in York State Per pound. \$0. 1666 245 226 245 75 60 1. 50 d States,
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City	products. d States, in New York in shell, in York State Per pound. \$0. 1666 245 226 245 75 60 1. 50 d States,
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City	products. c States, in New York in shell, in York State Per pound. \$0. 1666
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City	products. c States, in New York in shell, in York State Per pound. \$0. 1666
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City—\$0.20 per do en or \$0.16\frac{3}{2} per pound is the average wholesale price of imported eggs United States, for March, April, and May, 1921. Prepared by the poultry department, New College of Agriculture, Cornell University, Ithaca, N. Y.] Eggs in shell. Frozen or liquid whole eggs. Frozen or liquid egg yolks. Frozen or liquid egg albumen. Dried egg yolks. Dried egg yolks. Dried egg albumen. Wholesale price per dozen eggs in shell and its equivalent in egg products, Unite in April, 1921. Eggs in shell. Frozen or liquid whole eggs. Frozen or liquid egg yolks. Frozen or liquid egg yolks. Frozen or liquid egg albumen.	products. c States, in New York in shell, in York State Per pound. \$0. 1666 245 26 245 60 1. 50 d States, \$0. 2000 2842
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City	products. d States, in New York in shell, in York State Per pound. \$0. 1666 245 26 245 75 60 1. 50 d States, \$0. 2000 2842 1456
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City	products. d States, in New York in shell, in York State Per pound. \$0. 1666
[Assuming wholesale price per pound of egg product as quoted by following authoritics, Unite April, 1921: H. J. Keith, Boston, Mass.: Morris-Ouson Co., Chicago, Ill.: Lewis-Mears Co., City—\$0.20 per do en or \$0.16\frac{3}{2} per pound is the average wholesale price of imported eggs United States, for March, April, and May, 1921. Prepared by the poultry department, New College of Agriculture, Cornell University, Ithaca, N. Y.] Eggs in shell. Frozen or liquid whole eggs. Frozen or liquid egg yolks. Frozen or liquid egg albumen. Dried egg yolks. Dried egg yolks. Dried egg albumen. Wholesale price per dozen eggs in shell and its equivalent in egg products, Unite in April, 1921. Eggs in shell. Frozen or liquid whole eggs. Frozen or liquid egg yolks. Frozen or liquid egg yolks. Frozen or liquid egg albumen.	products. c States, in New York in shell, in York State Per pound. \$0. 1666

Comparison of proposed tariff rates on eggs and egg products, based on weight of Un t 4 States eggs and price of imported eggs with Fordney bill and proposed increase.

•	
Eggs in shell:	
Fordney tariff rates	\$0. Ce
Suggested Senate rates, 1921	. 08
Frozen or liquid whole eggs:	
Fordney tariff rates, 1921	04
Rates based on actual quantity and value of egg products, assuming shell	
eggs, \$0.06, 1921	. 07
Suggested Senate rates, 1921	08
Rates based on actual quantity and value of egg products, assuming shell	
eggs, \$0.08, 1921	. 09
Frozen or liquid egg yolks:	-
Fordney tariff rates, 1921.	. 04
Rates based on actual quantity and value of egg products, assuming shell	
eggs, \$0.06, 1921	. 07
Suggested Senate rates, 1921	. 08
Rates based on actual quantity and value of egg products, assuming shell	
eggs, \$0.08, 1921	. 10
Frozen or liquid egg albumen:	. 10
	. 04
Fordney tariff rates, 1921.	. 0
Rates based on actual quantity and value of egg products, assuming shell	0
eggs, \$0.06, 1921	. 0
Suggested Senate rates, 1921	. 0
Rates based on actual quantity and value of egg products, assuming shell	
eggs. \$0.08, 1921	. 0
Dried whole eggs:	_
Fordney tariff rates, 1921.	. 1
Rates based on actual quantity and value of egg products, assuming shell	_
eggs, \$0.06, 1921	. 23
Suggested Senate rates, 1912	. 24
Rates based on actual quantity and value of egg products, assuming shell	
eggs, \$0.08, 1921	. 30
Dried egg yolks:	
Fordney tariff rates, 1921	. 18
Rates based on actual quantity and value of egg products, assuming shell	
eggs, \$0.06, 1921	. 18
Suggested Senate rates, 1921	. 24
Rates based on actual quantity and value of egg products, assuming shell	
eggs. \$0.08, 1921.	. 24
Dried egg albumen:	
Fordney tariff rates, 1921	. 18
Rates based on actual quantity and value of egg products, assuming shell	
eggs, \$0.06, 1921	. 48
Suggested Senate rates, 1921	. 24
Rates based on actual quantity and value of egg products, assuming shell	. 4.
eggs, \$0.08, 1921	. 60
eggs, \$0.08, 1921	. 00
	•

Prof. Rice. Figure 28: One of the facts of great importance for us to bear in mind in considering the effect of foreign competition upon the poultry industry of America is the quick effect that it would have in causing poultrymen to go out of the poultry business. The poultry industry, more perhaps than any other branch of agriculture, certainly more than any other branch of live-stock husbandry, is sensitive to economic changes of favorable or unfavorable conditions. It is essentially true to say that the number of birds kept in the United States may be vitally changed in a single year, depending upon whether or not the business has been profitable or unprofitable. This is particularly true of all those poultry keepers who are depending to a large extent upon purchased grain and hired labor and to some extent also the small general farm flocks.

¹On file with the Senate Finance Committee.

This quick response is a guaranty to the consumers of the United States that eggs and poultry will not be higher in price than is necessary to yield sufficient profit to induce poultrymen to remain in the business. Coupled with this is the further fact that far more persons including men, women, and children are engaged as personal owners in raising poultry than in any other branch of agriculture. The Government statistics and our own surveys show that 89 per cent of the farms and at least 50 per cent of the people in villages keep poultry. Profiteering is not possible in the production of poultry and eggs. The millions of small poultry producers and laborers who would then be employed in the egg raising of our country are the ones who will receive the benefits of a wise protective tariff. A few large importing companies are the ones who now profit by having no tariff duty on shell eggs and ridiculously low rates on egg products.

As an illustration of the way in which adverse or favorable conditions have affected the poultry industry, from July, 1916, to the present time, primarily due to the World War, I refer to figure 28, which shows the variations in the average wholesale price of the highest grade of eggs and of live poultry on the New York market and of feed consisting of the complete Cornell ration for egg production, month by month, for the time indicated showing the per cent of increase or decrease of the commodities mentioned over the prewar averages for the same months for the years 1914 and 1915

as a base.

For the months of July, August, and September, 1916, the price of eggs as shown by the solid line curve and the price of live poultry, as shown by the dash line curve were higher, than feed as shown by the dot and dash line curve as compared to the prewar averages for the same months. Poultrymen, presumably were then making at least small profits. During the next two months, October and November, feed was materially higher and eggs and poultry lower, after which feed continued to rise sensationally month by month as shown by the dash and dot line curve until December of 1917 when it showed an increase of 119 per cent, whereas poultry had increased to about 66 per cent and eggs to only 33 per cent. Poultrymen were then rapidly decreasing the size of their flocks or going out of busi-This was particularly true of the commercial poultrymen, the back lotters, and the suburban poultry keepers who were obliged to purchase all or nearly all of their feed. The large number of fowls being sold and increase of the high price of feed and labor had a tendency to hold down the price of chickens below what it normally This was particularly true during the spring and would have been. summer when large quantities were sold and when buyers filled their storage plants with relatively cheap poultry. The decrease in the number of fowls had a tendency to increase the price of eggs During this time less chickens were hatched and reared because poultrymen were discouraged and panicky.

In the spring of 1918 the famous Food Administration ruling against killing of hens during the laying season, February and March, had a further tendency to cause poultrymen to decrease the number of chickens reared and hence had exactly the opposite effect, as might have been expected, from what the Food Administration desired to

¹ On file with the Senate Finance Committee.

accomplish. Poultrymen, like all persons engaged in other occupations, do business according to the law of "supply and demand," also expressed as "profit or loss," which specifically means that the relatively low price of eggs and the high price of feed caused poultrymen to reduce the size of their poultry enterprises or to go out of business entirely to such an extent that in many sections more than half of the poultry was sold and less than half the normal number were reared. Many of the poultry keepers have not to the present day returned to their normal capacity and thousands of persons throughout the country have postponed their plans temporarily or permanently to

engage in poultry farming.

At the close of 1918 poultry was 98 per cent, feed 89 per cent, and eggs only 69 per cent higher than the prewar price. Poultry was higher because it was scarcer. It had been to a large extent killed off and few reared to replace it, and as a result the price of eggs was higher than at the same time during the preceding years, having advanced from 15 per cent to 33 per cent and then to 69 per cent, respectively, in the three years, for the month of December. But the increase in price of eggs was materially less than increase of price of The price of feed has a dominating influence, since it is about 60 per cent of the total cost of egg production, and the labor, not here considered, but under normal conditions is a large factor; about

20 per cent of the cost of production.

In the beginning of 1919 we see an exceedingly favorable condition for poultrymen who had stayed in the business and who had taken their loss, namely, chickens in February selling for 113 per cent, eggs for 66 per cent, whereas feed had dropped to 64 per cent higher than the prewar average for that month. During the first seven months of 1919 eggs rose from prewar average to 122 per cent, live poultry to 114 per cent, and feed to 103 per cent, and poultrymen were making money. These favorable conditions and bright prospects for profits in the future caused a very large increase in the number of chickens hatched and reared in the spring of 1919, which is having a marked effect even now on the increased number of eggs produced. The most sensational increases in prices received for poultry and eggs, however, occurred in the spring of 1920, namely,

129 per cent for eggs and 160 per cent for live poultry.

All records of high feed prices were smashed in June, when the complete Cornell ration was selling for 137 per cent, whereas eggs were 110 per cent and live poultry 101 per cent above prewar average for the same month. This rise in price of feed as compared to eggs and poultry was a temporary setback but did not occur until after the hatching season, so that it did not seriously affect the number of chickens hatched and reared and that went into winter quarters, and moreover the price of feed made a sensational drop, beginning in July and continuing consistently each month until 1921 and which nearly bankrupted the grain producers. In December, 1920, feed was only 60 per cent and eggs were only 47½ per cent and live poultry had dropped to 105 per cent, as compared to prewar average and as compared to the same month the preceding year, when feed had been 101 per cent, eggs 70 per cent, and live poultry 116 per cent. The drop in the price of fed was responsible for increases in the number of fowls kept everywhere in the United States.

Beginning with February, 1921, there was a marked general decline month by month almost without exception until June in the price of live poultry and the price of eggs in keeping with the general downward trend of prices of most commodities. Feed remained about the same for May, June, and July until August, when it reached its lowest point of only 5.9 per cent increase over the prewar average at which time eggs were 72 per cent and live poultry 68 per cent. It is apparent, therefore, that during that time poultrymen should have been making fair profits.

The rapid decline in the price of feed and the slower fall in price of eggs and live poultry during the hatching season, March, April, and May, 1921, as might be expected caused poultrymen to hatch and rear the normal or increased number of chickens so that we will go into winter quarters in the United States with an increased poultry population with prospects of very much larger egg receipts and

correspondingly lower prices for eggs and poultry.

For the good of American farmers it is hoped that the price of grain will increase rather than decrease so that it will be above rather than below the prewar level, and that the price of poultry and eggs will decline no faster than other commodities. However, we, can expect within the next few years that the curve of percentage increase or decrease in prices of eggs, poultry, and feed will bring them closer together, presumably about where they were before the war and when poultrymen will then feel acutely the effects of large importations of eggs and egg products particularly during the spring of the year when egg prices are lowest and when poultry keepers are making their plans for hatching the next year's crop of chickens for This is the time of year when the poultry producing and distributing industries are most sensitive to economic changes. It is the poultryman's seed time when he makes his plans for future production. This also is the time when contracts are made by the importers for the entire year in advance for frozen eggs or dried eggs based on the lowest oriental price of eggs during the season of heaviest production.

Early in the spring eggs are shipped in the shell from China to be sold on a falling market in January, February and March, whether this is done intentionally or by accident it has the effect of throwing a scare into the sensitive egg market and results in helping to further reduce the price of American eggs going into cold storage in vast quantities at this season of the year, particularly throughout the great egg-producing section, and large assembling and distributing cities. It should be clearly understood that eggs are used for gambling purposes and sold and resold on the market much as other commodities are sold. In fact eggs frequently are sold before they are laid which makes delivery very precarious under normal conditions considering the fickleness of hens.

TABLE XIX.—Cost of Cornell ration per 100 pounds.

[100 pounds consists of 662 pounds grain and 331 pounds mash. Grain: 2 of corn, 2 of wheat, and 1 of oat-Mash: 6 of corn meal, 6 of wheat middlings, 5 of meat scrap, 3 of wheat bran, 1 of oil meal, and 1 of alfalfa meal.]

	Average 1914-15.	A verage 1915-16.	2-year average 1914–1916.		Average 1914–15.	Average 1915-16.	2-year average 1914-1916.
July	\$1.63	\$1.94	\$1.78	January	\$1.92	\$1.79	\$1.85
August	1. 83	1.87	1.85	February	2.04	1.81	1.92
September	1. 85	1.75	1.80	March	2.00	1.74	1.87
October November	1. 78	1.68	1.73	April	2.04	1.80	1.92
December	1. 78 1. 77	1. 65 1. 73	1. 72 1. 75	May June	2. 01 1. 88	1. 80 1. 73	1. 90 1. 8)
·	Cost per hundred.	2-year average 1914–1916.	Per cent increase.		Cost per hundred.	2-year average 1914-1916.	Per cent increase.
1916.				1919.			
July	\$1.82	\$1.78	2.2	March	\$3. 27	\$1.87	74.8
August	2 01	1.85	8.5	April	3.40	1.92	77. 1
September	2.03 2.17	1.80 1.73	14.4 25.4	Мау	3. 52	1.90	85. 3
October November	2.17	1.73	37. 2	June July	3. 45 3. 63	1.80 1.78	91. 6 103. 9
December	2.31	1.75	32 0	August	3. 74	1. 85	103. 2
	2.01	1.70	02 0	September	3. 53	1.80	96. 1
1917.	0.45			October	3. 39	1. 73	95.9
January February	2.45 2.56	1.85 1.92	32.4 33.3	November	3, 41	1.72	98.3
March	2 63	1.87	40 6	December	3. 52	1.75	101. 1
April	2 93	1.92	52 6				l
May	3.07	1.90	61.6	1920.			
June	2.90	1.80	61.1	January	3.60	1.85 1.92	94.6
July	3.04	1.78	70.8	February	3.68 3.77	1.82	101.6
August	3.36	1.85	81.6	March	4.02	1.92	109.4
September	3.42	1.80	90 0	May	4.23	1.90	122.0
October November	3. 41 3. 62	1.73 1.72	97. 1 110 5	June	4. 24	1.80	136.
December	3. 02	1.72	116.6	July		1.78	128.
	3.18	1.75	110.0	August	3.89	1.85	110.3
1918.			20.4	September		1.80	103.3
January	3. 56	1.85	92.4	October	3. 29	1.73	90.2
February March	3. 66 3. 66	1. 92 1. 87	90.6 95.7	November		1.72	76.7
April	3, 49	1.92	95. 7 81. 8	December	2.80	1.75	60.0
May	3. 35	1.90	76. 3	1001			
June	3. 33	1.80	85.0	1921.	0.05	1 05	43.5
July	3, 42	1.78	92.1	January	2.65 2.52	1.85 1.92	31.2
August	3.40	1.85	83.7	March	2.32	1.87	26.7
September	3. 31	1.80	83. 9	April	2. 16	1.92	12.
October	3. 16	1.73	82.7	May	2. 20	1.90	15.
November	3. 18	1.72	84. 9	June		1.80	15.0
December	3. 29	1. 75	88. 0	July	2.05	1.78	15.
1919.				August	1.96	1.85	5.9
January	3, 25	1.85	75.6	September	1.98	1.80	10. 11.
February	3. 18	1-92	65. 6	October	1.92	1.73	

TABLE XX.—Price of eggs per dozen.

[Top New York quotation.]

	Average,	2-year		Average,	2-year
	1914– 1916.	average, 1914– 1916.		1914- 1916.	average, 1914- 1916.
1914.	Cents.	Cents.	1915.	Cents.	Cents.
July	29 3	28, 7	July	28.1	28.7
August	34. 2	34.1-	August	33. 9	24, 1
September	39.3	38.3	September	37.3	39.3
October	49.8	51.0	October	52.2	51.0
November	57. 2	59. 5	November	61.8	59. 5
December	55. 5	53. 5.	December	51.5	£3. 5
1915.			1916.		
January	44.9	42.8	January	40.6	42.8
February	34.0	33, 9	February	33. 8	33.9
March	24.6	26.3	March	27.9	26. 3
April	23.7	24.5	April		24. 5
May	23.6	24.7	May		24.7
June.	25. 4	26.8			26.8

TABLE XX.—Price of eggs per dozen—Continued.

	Cost per dozen.	2-year average, 1914-16.	Increase.		Cost per dozen.	2-year average, 1914-16.	Increase.
1916.	Cents.	Cents.	Per cent.	1919.	Cents.	Cents.	Per cent.
July	33. 0	28.7	14.98	January	73. 5	42.8	71.0
August	41.0	34. 1	20. 23	February	56.0	33.9	65.7
September	48. 1	38.3	25. 58	March	49.0	26.3	82.5
October	50. 1	51.0	15. 88	April	52.0	24.5	112.0
November	68. 1	59. 5	14. 45	May	53. 0	24.7	110.1
December	61. 6	53. 5	15. 14	June	58.0	26.8	117.1
				July	64.0	28.7	121.9
				August	69.0	34. 1	103.2
			,	September	77.0	38. 3	101.3
_ 1917.			•	October	84.0	51.0	65.3
January	53. 7	42.8	25. 46	November	95.0	59.5	60.3
February	48.7	33. 9	43.65	December	91.0	5 3 . 5	70.1
March	35. 8	26.3	36. 12			1	
April	37. 0	24. 5	51. 02	1920.			
May	38. 0	24.7	53.84	January	84.2	42.8	96.7
June	38. 7	26.8	44.40	February		33.9	123.9
July	43. 4	28.7	51. 21	March	60. 4	26.3	129.7
August	52.8	34. 1	52.49	April	54. 5	24.5	122.4
September	58. 0	38. 3	51. 41	May	53.0	24.7	114.6
October	67. 1	51.0	35. 49	June	56.1	26. 8	109.3
November December	78. 6	59. 5	32. 10 32. 89	July	64. 9	28.7	126.1
December	71. 1	53. 5	32.89	August	72.0	34.1	111.1
				September		38.3	116.7
				October	100.0	51.0	96.1 74.0
1918.				December	103. 5 77. 5	59, 5 53, 5	44.9
January	73. 2	42.8	71, 02	December	11.5	33. 3	44.9
February	61. 4	33. 9	81. 12	1921.			
March	45. 7	26.3	73.5	January	78. 8	42.8	74.8
April	40. 5	24.5	65. 3	February		33. 9	60.2
May	41.5	24.7	68.0	March	43. 2	26.3	64.3
June	47. 9	26.8	78.7	April	34.0	24.5	38.8
July	53. 6	28.7	86.7	May	33.9	24.7	37.3
August	63.6	34. 1	86.5	June	38.9	26. 8	45.1
September	68. 2	38. 3	78.1	July	50.8	28.7	77.0
October	84.7	51, 0	66. 1	August	58.5	34.1	71.6
November	95.6	59. 5	60.7	September	67.7	38.3	76.8
December	91. 2	53. 5	70. 5	October	80.6	51.0	58.0

TABLE XXI.—Price of eggs per pound.

	Cents per pound.	2-year a erage, 1914–1916.	Increase.		Cents per pound.	2-year average, 1914–1916.	Increase.
1916.			Per cent.	1918.			Per cen'.
July	19.8	17.4	13.79	October	29.4	14.2	97.00
August	18.8	16.5	14.54	November	25.8	13.7	95, 60
September	19.8	17.0	16.47	December	25.3	13.3	97. 80
October	16.6	14.2	16. 90		2.,. 9	10. 0	91.00
November	15.4	13.7	12.40	1919	ł		
December	18. 2	13.3	36.84	January	30.4	15.9	91.00
December	10.2	19.0	30.04	February	36.2	17.0	112.90
1917.				March	37.6	18.3	105. 40
January	20.7	15.9	30.18	April	39.6	18.6	112.90
February	20. 1	17.0	30. 18	May	38.2	18.9	102, 10
Moreh	24.0		31.14	June	34.8	18.3	90.10
March	25.3	18,3	36.02	July	37.0	17.4	113, 10
April	25. 3	18.6 18.9		August	1 35.0	16.5	112.10
Mav	24.2		28 04	September	31.9	17.0	87, 60
June	24.6	18, 3	34.42	October	27.0	14.2	90, 10
July	21.0	17.4	20.69	November	24.8	13.7	81.00
August	23.6	16.5	43.03	December	28.7	13.3	115, 80
September	27.4	17.0	61.17			20.0	110.00
October	21.0	14.2	54.93	1920.		1	
November	21.1	13.7	54.01	January	36.6	15.9	130. 20
December	23.0	13.3	72 . 9 3	February	41.6	17.0	144.80
				March	47.5	18.3	159.50
1918.		1		April	45.9	18.6	141.30
January	27. 7	15.9		May	39.0	18.9	106.30
February	34.9	17.0	105.30	June	37.0	18.3	102.20
March		(1)		July		17.4	117. 20
May	32.0	18.9	69, 20	August	36, 5	16.5	121.20
June	32. 5	18.3	77.60	September		17.0	111.80
July	33. 2	17.4	90, 80	October	29.3	14.2	106, 30
August	33. 3	16.5	101.80	November	26.8	13.7	95.60
September	31.8	17.0	87.10	December	27.3	13.3	105.30

¹ Rule XIV.

Live poultry.

	1921	2-year average.	Increase.		1921	2-year average.	Increase.
January	Cents. 36. 1 34. 5 36. 8 34. 4 34. 5 31. 6	Cents. 15. 9 17. 0 18. 3 18. 6 18. 9 18. 3	Per cent. 127. 0 102. 9 98. 9 85. 0 82. 6 72. 7	July		Cents. 17. 4 16. 5 17. 0 14. 2 13. 7 13. 3	Per cent. 74. 1 68. 5 56. 5 58. 5

Prof. Rice. Figure 29 1 and Table XXII: Perhaps the most important misconception which has existed in the minds of the people is that eggs and chickens have been high in price. The consumer of eggs and egg products should know that, relatively speaking, considering the prices of other commodities, eggs and poultry have not been high in price. In justice to the producer and the distributor this fact should be clearly understood. The proof of the assertion that eggs and chickens have not been high in price is shown in figure 29,1 where the wholesale market prices of three commodities, namely, eggs, chickens, and corn, the grain which is most extensively used by poultrymen in America, are compared with the index number of wholesale prices of principal commodities for the years from August, 1914, to October, 1921, inclusive. Here we are able to compare the two principal products which poultrymen have to sell, eggs and chickens, with the principal grain product, corn, which he buys and the numerous general commodities which he purchases and which give us a fairly accurate means of gauging the poultryman's purchasing capacity based on his business returns. The solid black curve shows the average wholesale index number of prices of commodities month by month, from which it will be seen that the prices were nearly stationary for 1914 and 1915 at about 100. Beginning with 1916 the increase in the commodities rose rapidly to 150 for January, 1917, and rose more or less consistently to about 190 early in 1918, and to 210 in September of the same year; dropped slightly during the forepart of 1919, but reached 230 in August, 1919, and was 250 plus in February, 1920; and reached its highest apex of about 275 in May, 1920, from which time there was a marked decline until July, 1921, when it was 150, essentially the same as in January, 1917.

During 1914-15 the price of eggs and chickens, as indicated by the dotted curve, fluctuated above and below the price which farmers paid for general commodities, higher rather than lower during 1914 and early in 1915, and slightly lower toward the close of 1915. For 1916, 1917, 1918, and the early part of 1919 the price of eggs and chickens was slightly above that of commodities; but from then on until October, 1920, the prices paid for chickens and eggs on the New York market was materially lower than the price paid for commodities.

During the summer of 1919 and the latter part of 1920 the price of eggs and chickens was slightly higher for a short period than the general commodities; but since that time the price of chickens has been decidedly higher and the price of eggs materially lower until

¹ On file with the Senate Finance Committee.

September and October, 1921, when the price for eggs was essentially the same as for commodities.

The price of corn not only remained higher than the price of eggs and chickens almost continuously until toward the close of 1919, with the exception of a short time in 1916, but was also higher than the price of the general commodities. This was particularly true during the last two-thirds of 1917 till toward the close of 1919, as shown by the dash-line curve.

Beginning with the latter part of 1919 the price of corn declined, but was not lower than the price of eggs and chickens until September, 1920. From that time on the sensational fall in the price of corn was conspicuously and materially lower than the price of eggs or

the wholesale price of commodities and of chickens.

A general glance at the trend of the curves shows clearly that the prices paid for eggs and chickens have, with very slight exceptions until the latter part of 1920, been lower not only than the price of corn but than the price of general commodities. It is very evident, therefore, that if there has been profiteering in chickens and eggs. it has not been the producer who was responsible. Notwithstanding the fact it might appear from the preceding chart, figure 29,1 dealing with the cost of feed and the price received for eggs and from chickens from 1914 to 1921, that the poultryman was making a profit for the most part during 1919 and 1920. A study of figure 29,1 will reveal where the poultryman's actual or imaginary profits have gone as shown by the fact that the prices of his personal and home expenses have been materially higher than the prices which he received for the things he produced. In other words, his business as such showed justifiable profits for 1919-20, but his living expenses outside of his business were materially higher in proportion than his profits. In other words, the people who were manufacturing or producing the things that poultrymen buy were receiving more as a reward for their labor and investment than was the poultryman. That is why poultrymen quit producing eggs and went to producing commodities paying larger profits. All of which leads to the final conclusion that the best way to increase agricultural production is by making it possible for a person to secure sufficient reward in the way of living conditions, based on the profits of his business, to induce him to continue to produce eggs and chickens, for example, rather than to engage in some other occupation. We believe that proper protection by means of an equable tariff on poultry, eggs, and egg products is an important way in which persons may be induced to engage in the production of poultry products in America so that the consumers of America may eat home-grown products not only of a better quality but at a reasonable price, trusting to the enterprise, energy, and the education of Americans to increase production so that competition will be between ourselves rather than with the people in other countries who, because of necessity, are obliged to work for lower wages and under living conditions which we would not tolerate in America.

¹ On file with the Senate Finance Committee.

'ABLE XXII.—Average farm price of eggs, poultry, and corn, and wholesale price of all commodities, 1914–1921.

tverage farm prices of poultry, eggs, and corn from the 1919 Yearbook of the United States Department of Agriculture and Monthly Crop Reporter. Average wholesale prices of "all commodities" from reports of the Bureau of Commerce and Labor. The 4-year average before the war for each month is 100 per cent.]

Month.	Eggs.	Chick- ens.	Corn.	Whole- sale prices of "all commodi- ties."	Month.	Eggs.	Chick- ens.	Corn.	Whole- sale prices of "all commodi- ties."
1914.					1918.				
ngust	\$0, 182	\$0,128	20, 768	102, 2	January	\$ 0, 463	\$0.179	\$1,348	189.0
entember	.210	.127	. 815	103.0	February	. 484	. 188	1.388	191. 1
ctober	. 235	.120	. 782	101.5	March	. 404	. 199	1.543	190. 5
ovember	. 252	.119	. 706	101.8	April	. 312	. 198	1.536	194.6
ecember	. 297	.113	. 644	101.1	May	. 310	.198	1. 557	193. 4
		ł			June	. 298 . 307	. 200	1. 525 1. 537	196. 9
1915.					July August	. 344	. 212 . 226	1. 557	202, 2 206, 7
1915.		Į.	ł	1 1	September	. 364	.228	1.657	210. 5
anuary	. 316	.112	. 662	100.2	October	. 416	.271	1. 595	207. 4
ebruary,	. 292	. 115	.728	102.2	November	. 472	224	1. 403	210.0
larch	. 213	.117	. 751	100.8	December	. 550	. 218	1, 366	210.0
pril	. 168	.110	. 751	100.8					
lay	. 171	. 121	.777	101.3 101.0	1919.				1
ane		122	777	103.2	January	. 572	. 217	1.447	206. 4
ngust	.170	122	789	102.3	February	. 483	. 216	1,381	201.3
eptember	. 187	121	773	99.6	March	. 331	. 222	1.372	204.7
etober	. 223	.120	795	102.7	April	.313	. 235	1.496	206.9
lovember	. 263	.118	.619	104.0	Мау	. 368	. 252	1.626	208.6
)ecember	. 306	.115	. 575	107, 1-	June July,	. 386	. 257	1, 712 1, 765	210. 2 223. 6
					August	.393	. 252	1. 703	231.3
			!		September	. 410	257	1.057	223. 7
1916.					October	. 447	212	1.539	226. 7
	. 396	.114	. 621	112.4	November	. 540	. 229	1.334	234. 5
ebruary	. 268	1119	.657	113.5	December	. 619	. 223	1.349	242, 7
farch	. 212	.122	682	116.1					1
\pril	. 179	. 126	.703	118.2	1920.		1 .		
lay	. 181	.132	.723	119.5	January	. 648	. 296	1.404	243.4
une	. 190	.135	. 741	120.4	February	. 569	. 241	1.468	254. 4
uly	. 197	.138	. 754	121.5	March	. 466	. 254 . 268	1, 485 1, 586	257. 8
lugust	. 207	. 138	. 794	125.9	April	. 388	. 208	1.696	270.0 275.4
eptember	. 233	. 139	. 836	129.1	May June	.370	.272	1.852	274.5
etober	. 281	.143	. 823	135. 2	July	.367	270	1. 856	267. 5
lovember	. 322	. 143	. 859	145.8	August	. 400	274	1.637	255, 9
)ecember	. 381	.142	. 889	148.9	September	. 442	. 267	1, 557	246, 0
		1			October	. 501	. 264	1.213	228, 8
1917.		1	1	1	November	. 569	. 233	. 873	210. 4
1011.			l		December	. 650	221	.677	192, 5
anuary	. 377	. 139	. 900	153.3					
ebruary	. 358	. 147	. 958	158.4	1921.				
larch	. 338	. 155	1.009	163. 0	January	. 611	. 207	. 667 . 624	180.6 170.6
pril	. 259	. 161	1. 134	174.2	February March	. 496 . 292	. 219	.645	164.9
fay	. 300	.175	1.506 1.601	183. 3 187. 8	April	. 204	. 221	.630	156.8
uneuly	. 311	.173	1.646	188.9	May	. 202	. 217	. 595	152.8
ugust	. 298	171	1.966	188, 3	June	. 194	207	.625	150.9
eptember		.172	1. 755	185.0	July	. 220	.211	. 622	151.0
etober	. 374	. 181	1.751	183.0	August	. 266	. 212	. 617	155.5
lovember	.394	. 177	1.460	185.6	September	. 304	. 209	. 562	
ecember	. 433	. 175	1. 283	184.5	October	. 342	. 203	. 510	

Prof. Rice. I want to thank you for your attention for so long a ime. As my last thought I want to make this one appeal: From the tandpoint of a person who is more interested in the good of all than in my one particular industry I believe it is appropriate at this time when we are talking so much about this peace conference and about lisarmament and about our future military protection to consider eriously our greatest means of national defense—a prosperous and contented agriculture. The history of the World War and other wars has shown that success has been largely a question involving ood supply and that our chief hope for recovery lies in feeding the

hungry world. The situation in Europe during the war and at the present time shows the penalty of failing to appreciate that fact. America is generations ahead of the rest of the world agriculturally and industrially; agriculturally because of out scientific and educational methods; industrially because of our protective policies. I believe that we should now erect a proper defensive protective tariff that shall give to the American producer of agricultural products the same opportunities for protection that are given to the men engaged in the manufacture of industrial products, so that the things that farmers produce and sell shall have no less and no more protection than the things that they buy. Such a policy will be of greater justice to all and bring greater prosperity for all of our people.

In the production and manufacture of these particular products, poultry and eggs, we have what we can hardly say of any other industry to the same extent, we have the welfare of the American farm woman to consider. It has been estimated that there are more than 5,000,000 of farmers' wives in this country who are responsible for the most part for the production of poultry and eggs, and who are dependent to a considerable extent upon the income from poultry for their spending money and the maintenance of their homes. It is evident, therefore, that anything which affects unfavorably the income of the farmer's wife and children will have a vital influence upon the farm home, and thus upon the welfare and the safety of the

Nation.

A large amount of poultry and poultry products is produced by our people in the villages and cities, who will appreciate anything that will enable them to maintain their poultry enterprise as a source of food supply and income. Poultry surveys which have been made in cities and villages of the East show that the poultry and eggs produced within the corporate limits of smaller towns and villages up to several thousand population are frequently sufficient to more than meet the consumption of poultry and eggs of the people living in them. For example, in the city of Ithaca, N. Y., having a population of approximately 15,000 persons, there are over 9,000 hens, or

a little more than 1 hen to each 2 persons. Let me assure you at this point that we as poultrymen are willing to "take our own medicine." I am willing, and my colleagues are willing, to pay the extra price on a suit of clothes as 35 per cent duty on the value and 40 per cent on the weight of wool, if necessary; we are willing to pay the extra price of the tariff on wheat from Canada or Argentina or corn from China or any other country, because we believe that in the end we will receive an equivalent in value for the things which we produce that will enable us to pay a higher price, if necessary, for the things which we buy, and that by such a policy all of us in America can live happier and more prosperous and contented lives, can better educate our children, and be better American citizens, and therefore will be better prepared to defend our Government in peace or war than we can with underpaid agriculture or manufacture, as we find it in the Orient, in Europe, and other countries, where people are working to such a large extent by hand labor and frequently side by side with cattle or mules, and not enjoying the wonderful advantages and privileges which are ours in America. I was never so good an American as when I returned to this country

and saw that magnificent Statue of Liberty in New York Bay. When I walked into the customhouse and paid the required amount of duty, I did so willingly and was proud of the fact, because I realized that much of America's prosperity in the past and ability to recover now is largely bound up in that wise, constructive, defensive policy which up to now has "fostered manufacture by protection and agriculture by education," and which now, we believe, should accord the same protection to agriculture that has been for so many years extended to industrial manufacture. The time has come when, not only as a matter of justice but as a matter of national self-defense, we must protect our agriculture by a protective tariff as well as by education against the low price of labor and the unequal living conditions of the people of many parts of the world.

ditions of the people of many parts of the world.

We want New England to buy her grain from the Middle West and repopulate her farms with chickens more nearly to feed her own population and the South to produce the products which she is capable of producing by a diversified agriculture instead of bringing them from other countries, because we realize that the prosperity of each State

has to do with the prosperity of the whole Nation.

We believe that America is capable of producing economically all of the poultry and eggs which we consume and to export more than we are exporting now. We believe that the large importer and distributor of foreign products is the one who principally profits by the products which are brought into this country, and he does this largely at the expense of the people who produce from the soil or factory, as well as the people who consume these products. The main question for us to settle is whether we prefer to have American and foreign capital make profits on products which they can assemble and manufacture more cheaply in foreign countries than they can in America or whether we prefer to support the wheels of industry at home or abroad, to have empty henhouses in America or China, Argentina, or Australia. We must ask ourselves which policy will result in greater prosperity in America.

I thank you for your attention.

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TARIFF

SCHEDULE 6—TOBACCO AND MANUFACTURES,

J. S. Congress. Senate.

BEFORE THE

COMMITTEE ON FINANCE UNITED STATES SENATE

SIXTY-SEVENTH CONGRESS SECOND SESSION

ON

H. R. 7456

AN ACT TO PROVIDE REVENUE, TO REGULATE COMMERCE
WITH FOREIGN COUNTRIES, TO ENCOURAGE THE
INDUSTRIES OF THE UNITED STATES,
AND FOR OTHER PURPOSES

DECEMBER 7, 1921

PART 37

Printed for the use of the Committee on Finance

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TARIFF—TOBACCO AND MANUFACTURES OF.

WEDNESDAY, DECEMBER 7, 1921.

UNITED STATES SENATE, COMMITTEE ON FINANCE, Washington, D. C.

The committee met pursuant to the call of the chairman, at 10.30 o'clock a. m., in room 312, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La

Follette McLean, Watson, Calder, Simmons, and Walsh.

The CHAIRMAN. The committee is meeting this morning for the purpose of hearing gentlemen interested in the tobacco schedule. We will first hear Mr. Parker.

STATEMENT OF MR. JUNIUS PARKER, 120 BROADWAY, NEW YORK CITY, REPRESENTING AMERICAN TOBACCO CO.

The CHAIRMAN. Mr. Parker, you reside in New York and represent the American Tobacco Co.?

Mr. Parker. Yes, sir; I reside in New York City, and I am the general counsel of the American Tobacco Co., but in this hearing, at the instance of, I think, all cigarette manufacturers, I represent them. I say I think I represent all of the cigarette manufacturers, at least the larger cigarette manufacturers.

The CHAIRMAN. Will you give a list of the cigarette manufacturers

represented by you?

Mr. Parker. The R. J. Reynolds Tobacco Co.; Ligget & Myers Tobacco Co.; P. Lorillard Co. (Inc.); the Tobacco Products Corporation; Larus & Bro. Co.; Bloch Bros. Co.; and I have also been asked to speak on behalf of or represent the Tobacco Merchants' Association of the United States, which includes in its membership substantially all of the other cigarette manufacturers.

The CHAIRMAN. How many of them are there?

Mr. Parker. The last report of the internal revenue commissioner shows about 200, that is, 198 or 200 or 201; I do not answer exactly.

The CHAIRMAN. In general, the cigarette manufacturers? Mr. PARKER. In general, the cigarette manufacturers. The CHAIRMAN. Where are they located principally?

Mr. Parker. A good many of them in New York; a good many in Illinois, and some in New Jersey, and the smaller cigarette manufacturers are usually in the large cities and their brands have a large but local consumption.

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The CHAIRMAN. Have you got a list of these some 200 other manufacturers, Mr. Parker?

Mr. PARKER. No, sir; I have not, Senator.

The CHAIRMAN. They are in the report of the Commissioner of Internal Revenue, are they?

Mr. PARKER. No, sir; the names are not in the report, but the

number is in the report.

The CHAIRMAN. Where could the committee get the names?

Mr. PARKER. Mr. Dushkind, has the Tobacco Merchants' Association a list of these cigarette manufacturers?

Mr. Dushkind. We have a partial list that is not altogether official. The Chairman. Could the committee be furnished with a list as complete as may be?

Mr. PARKER. Certainly, sir.

The CHAIRMAN. Proceed, Mr. Parker.

Mr. Parker. The provision of the Fordney tariff bill which I shall discuss is that provision which advances the rate of duty on Turkish tobacco from 35 cents to \$1 a pound. I earnestly protest against that increase or any increase on behalf of all of the cigarette manufacturers.

The language of the Fordney bill is confused, but I need not stop to discuss at any length that confusion. There is a provision that filler tobacco shall be increased from 35 to 45 cents a pound for unstemmed and from 50 to 60 cents a pound for stemmed, with the provision that that class of filler tobacco that is habitually used without stemming shall bear the same rate.

The CHAIRMAN. Unless order is resumed in the room, it is impos-

sible to hear the witness.

Mr. Parker. The provision further is that that type of tobacco that is usually used without stemming shall bear the same rate as stemmed tobacco, and that is 60 cents a pound instead of 45; and Turkish tobacco is about the only tobacco that we know of that is used without stemming, and on that would appear to be imposed a duty of 60 cents. But then it provides further that the tobacco

that is known as Turkish shall bear a rate of \$1 a pound.

I understand there have never been any hearings before the Ways and Means Committee, but I understand also that this increase in the rate on Turkish tobacco was induced on the theory that California could grow Turkish tobacco if it were properly protected, and it was for that reason that I had some anxiety to hear Mr. Aram, who, so far as I know, represents the California Turkish tobaccogrowing industry. I do not know upon what basis this request is to be made, because I have never heard Mr. Aram.

Senator Simmons. Have they, up to this time, grown any tobacco

of the Turkish type in California?

Mr. Parker. No, Senator. No tobacco has ever been grown of the Turkish type, in my judgment, in California. The total California crop of tobacco—which is California tobacco and not Turkish tobacco—in the year 1920 was 200,000 pounds, as stated in the memorandum filed by Mr. Aram with the Ways and Means Committee.

Senator Simmons. Is that essentially different from the other cigarette tobaccos grown in this country?

Mr. PARKER. Essentially different? Yes; I think in the same sense that Burley is different from Virginia, and in the same sense that Wisconsin is different from Maryland, and otherwise.

Senator Simmons. Would the California product in any way take the place in the manufacture of cigarettes of Turkish-grown tobacco?

Mr. PARKER. Not at all; it is not substitutable. Before I proceed with the California situation-

Senator LA Follette (interposing). In what respect is it similar

to the Turkish tobacco, if there is any similarity?

Mr. Parker. There is some similarity. The similarity comes from its being grown from Turkish seed, and the first crop that is grown from the fresh seed preserves some of the characteristics of the seed from which it is grown, the differences being made by the soil and the climate, precisely like Wisconsin tobacco has a resemblance to Cuban tobacco, because it originated from the Cuban seed. But before we get to this California matter, if you will permit me, allow

me to refer to some of the general considerations.

There is imported into this country substantially 40,000,000 pounds of Turkish tobacco, an advance of 65 cents a pound would be an advance of substantially \$26,000,000 on that importation. There are produced in this country substantially 50,000,000,000 The production in the last fiscal year came down to about 47,000,000,000 from about 53,000,000,000 the year before. But there has been some picking up of the business since, because of the introduction of some new and cheaper brands, so I think it is fair in round numbers to say that there is a business in this country of substantially 50,000,000,000 cigarettes, and there are 40,000,000 pounds of Turkish tobacco imported—a proposed increase, therefore, on the tax on cigarettes of \$26,000,000. That applied to the whole cigarette business makes an increase of substantially 50 cents a thousand.

Senator LaFollette. What is the value of those 40,000,000 pounds of imported Turkish tobacco?

Mr. PARKER. It varies very much. Senator LaFollette. I suppose it does.

Mr. PARKER. In a general way, I think that as an average it costs 55 to 70 cents in Turkey, with 35 cents a pound additional, or a little more than \$1 a pound, duty paid.

The Ways and Means Committee and the Senate Finance Committee, with no hearings before either, but with the information derived from the Treasury Department and from the Revenue Department, concluded, and I think very wisely, that no branch of the tobacco business could be safely subjected to increased taxes. The only branch that seemed flourishing at all, and even that had fallen off 11 per cent, was the cigarette business. Therefore I think that there has been an adjudication, as it were, that there ought not to be an addition of 50 cents a thousand to the cigarette tax, and that is what this proposed advance would amount to as a revenue measure spread over the whole cigarette business.

The CHAIRMAN. Did not the Secretary of the Treasury suggest

the propriety of raising the tax-

Mr. Parker. He gave that as one of the features. The CHAIRMAN (continuing). For internal revenue? Mr. PARKER. He gave that as one of the features; I never understood that he suggested it otherwise than to give a list of things

from the taxation of which a deficit might be covered.

Senator Simmons. The Secretary of the Treasury, if the chairman will pardon me, and Dr. Admas, speaking not I believe of revenue duties, suggested and stated that in their opinion the tax now imposed upon tobacco was as high as it was profitable for revenue purposes.

Mr. Parker. That has been my understanding. There were no hearings before the Finance Committee; there were no hearings before the Ways and Means Committee. But every line of the tobacco business had fallen off; the cigarette business had fallen off over 5,000,

000,000, or 11 per cent.

Senator Smoot. Of course, Mr. Parker, you know that the amount

of cigarettes now has even increased.

Mr. PARKER. Are increasing compared with those months which showed a falling off?

Senator Smoot. Yes.

Mr. Parker. And I wanted to deal, Senator, with the utmost frankness—I have a feeling that part of that decrease in 1920 was that peculiar condition, beginning in the fall of 1920, of stagnation, but I do think you ought to remember this——

Senator Smoot (interposing). There was another reason also, Mr. Parker. Of course there were quite heavy purchases before that slump in the number sold, and now that has all been disposed of and it is

normal again.

Mr. PARKER. No, Senator, it is not normal again, and I will tell you

why.

Senator Smoot. What I meant to say was that the stock is normal, and the purchases are normal, and there is the regular rate of buying;

they have to buy as they need them.

Mr. Parker. No. I will tell you what is reflected in the reducing costs of tobacco. The American Tobacco Co. got out a cheaper brand called "111." The Liggett & Myers got out a cheaper brand and the Lorillard Co. got out a cheaper brand; and the tobacco people believe that the increases lately have been the distribution of those new brands which have not gone into consumption. But, Senator, the fiscal year 1920 showed 53,000,000,000; the fiscal year 1921, or ending June 30, 1921, showed 47,000,000,000.

I was assuming, and I believe that so far as we can judge, that is a fair assumption—that we have a business of substantially 50,000,-

000,000.

Senator McLean. What did you say the consumption in 1914 was? Mr. Parker. The consumption in 1914 was very much less. I have the figures here given by the commissioner's return. I haven't it in fiscal years; this is calendar years. In 1914 the business was only 16,000,000,000.

Senator McLean. And the increase has been very rapid, has it not? Mr. Parker. It has been very rapid; the increase in the cigarette production in this country has been enormous. In 1910 it was only 8,000,000,000; in 1919 it was 53,000,000,000; in 1920 it was 47,000,000,000.

Senator Watson. What about the imports during that time?

Mr. PARKER. Of what—Turkish tobacco?

Senator Watson. No, cigarettes?

Mr. PARKER. Very slight. The importation of Turkish tobacco has increased.

Senator LA FOLLETTE. In what branch of the cigarette business was there a slump—in the whole?

Mr. Parker. So far as I know, in the whole business.

Senator LA FOLLETTE. If there was a diminution in consumption, have you any means of knowing in what grade of cigarette consumption there was a falling off?

Mr. PARKER. No, Senator; I do not think there is anybody who is informed. Different brands fared differently, but I do not think it

was in any particular consumption.

Senator McLean. How about the price; was that increased?

Mr. Parker. The price of cigarettes has been increased from time to time with the increase in taxes, and the price has been maintained high because of the tremendous increase in the cost of leaf tobacco. Prices are now going down, first by putting out new brands that sell 20 for 15 cents instead of 20 for 20 cents, and, second, in the reduction in the price of staple brands.

Senator McLean. You are doing a pretty good business now, I

take it?

Mr. Parker. The cigarette manufacturers? Senator McLean. The American Tobacco Co.

Mr. Parker. The American Tobacco Co., yes. The American Tobacco Co. is doing a good business, but the American Tobacco Co.'s rate of profit on output or rate of profit on capital is not higher now than it was in 1912.

Senator LA FOLLETTE. How high is it?

Mr. PARKER. The last annual report of the American Tobacco Co. showed a rate of profit on its capital investment of about 10 per cent, and a rate of profit on its output of about 11 per cent.

Senator McLean. I think I saw in the paper the other day that the American Tobacco Co.'s earnings on common stock was some-

thing like 20 per cent.

Mr. PARKER. I think that is so, but that is because our common stock is small and our preferred stock and bonds, with a low rate of interest, is very large.

Senator LA FOLLETTE. What is your common stock?

Mr. Parker. The common stock was \$40,000,000 as compared with over \$100,000,000 of other securities. A stock dividend was declared some time ago. But the report of the American Tobacco Co., differing in that respect from the other tobacco companies, beginning as far back as 1905 or 1906, has constantly given the amount of sales, the amount of profit, the percentage of profit on the sales, and the percentage of profit on the invested capital.

Senator McLean. What do you handle besides cigarettes?

Mr. Parker. Tobaccos.

Senator McLean. Leaf tobacco?

Mr. PARKER. Oh, no; not leaf tobacco. We are manufacturers of established brands, like Bull Durham, plug and smoking. are interested in a cigar company by stock ownership; I mean publicly interested in the American Cigar Co. So the American Tobacco Co.'s activities include the whole field.

Senator McLean. The American Cigar Co. buys leaf tobacco?
Mr. Parker. It buys leaf tobacco as the American Tobacco Co.,
because it has to do it in order to manufacture.

Senator McLean. So that you are interested in leaf tobacco?

Mr. PARKER. Oh, tremendously interested in our raw material,

but I thought you meant dealing in leaf tobacco.

Senator Smoot. You are objecting to the putting of \$1 per pound on filler tobacco, known as Turkish tobacco. If that \$1 a pound was taken off, are you still objecting to the increase on filler tobaccos not specifically provided for, increased from 35 to 45 and from 50 to 60 cents?

Mr. PARKER. Yes, sir. But I would not discuss that, Senator, because that is largely a cigar proposition, and the cigar industry is represented here.

Senator Smoot. Then you are simply objecting to the rate of

Turkish tobacco of \$1 a pound?

Mr. PARKER. That is so. I said, in the first place, that I did not believe the cigarette industry would stand an increase of 50 cents a thousand.

Senator Watson. What proportion of the cigarettes made in the United States does your company make?

Mr. PARKER. I think about 20 per cent.

Senator Watson. Do you use Turkish tobacco in all the cigarettes? Mr. Parker. We do not use Turkish tobacco in all the cigarettes we make.

Senator Watson. In what proportion of the cigarettes that you make do you use Turkish tobacco?

Mr. Parker. In 80 per cent.

Senator Simmons. How much?

Mr. PARKER. In 80 per cent. And there we come to the gross injustice of this proposed increase of rates.

Senator Watson. Do the other cigarettes made by other companies

contain Turkish tobacco in the same proportion?

Mr. PARKER. They differ. The Liggett & Myers Co. has a brand called "Piedmont," much advertised, which is pure Virginia. The American Tobacco Co. has a brand called "Sweet Caporal" that has a

small infusion of Turkish, but very small.

But the three leading brands in this country to-day in sales are Camel, Lucky Strike, and Chesterfield; and every one of those uses a proportion of Turkish tobacco. I know how much Lucky Strike uses, but I do not know how much Camel uses and I do not know know how much Chesterfield uses, and I suppose the manufacturers do not think I would be perfectly reliable in telling how much Lucky Strike contains, and I am sure they would not in telling how much Turkish these 68 other brands use.

But you noted that tremendous growth in the cigarette business. That tremendous growth is precisely coincident with the development of the blended cigarette. In 1910 there were hardly any blended cigarettes used; in 1920 we consider that 70 per cent of all

the cigarettes used are blended cigarettes.

Senator Watson. What do you mean by that?

Mr. Parker. There were 50,000,000,000 cigarettes manufactured in this country, and of that amount we think about 70 per cent are

blended; about 20 per cent are pure domestic, and about 10 per cent

are pure Turkish. Those are estimates.

Apply those percentages to the 50,000,000,000, and you have 35,000,000,000 cigarettes that are blended, some 10,000,000,000 that are pure domestic, and some 5,000,000,000 Turkish.

Senator Walsh. And in the blended cigarette is the Turkish

tobacco usually used?

Mr. PARKER. You can work that out pretty well. Forty million pounds are brought into this country, at the rates of about 3 pounds per thousand; to make the 5,000,000,000 pure Turkish requires about 16,000,000 pounds. If you deduct that you will have 24,000,000 pounds, and when you divide that 24,000,000 pounds into the 35,000,000 you get about 20 per cent Turkish.

I have no doubt that some brands use more than 20 per cent Turkish; for instance, Fatima and Omar. I have no doubt some use less than 20 per cent, but it is about 20 per cent, those figures

show.

Senator. Walsh. In the blended cigarette?

Mr. Parker. In the blended cigarette. Now, 20 per cent being Turkish, 80 per cent or four times as much is domestic, and unless we cigarette manufacturers are wrong, the development of this blended business has meant what? That in the blended cigarettes alone we are consuming 96,000,000 pounds of domestic-grown tobacco—grown in North Carolina, Virginia, South Carolina, and Kentucky, because Burley has come to be used in cigarettes very much now.

There are 96,000,000 pounds of domestic used in making these blended cigarettes, whereas in 1910 the total cigarette consumption of leaf tobacco in this country was only 8,000,000,000 cigarettes, or

about 35,000,000 pounds.

Mr. Parker. Generally. But, of course, the cigarettes are successful when they appeal to the emoker

cessful when they appeal to the smoker.

Senator Watson. That is what I am asking about.

Mr. Parker. If you want to know what are the most popular ones, judged by the volume of sales, I think I have indicated it by saying 70 per cent in volume of sales are the 69 blended cigarettes.

Semator McLean. They are cheaper than the pure Turkish?

Mr. Parker. They are cheaper than the pure Turkish, but the same price as the pure domestic. Take Liggett & Myer Co. It has two brands of cigarettes, both of which are distributed well and both of which are manufactured well. One is called the "Piedmont," an older cigarette brand; the other is called "Chesterfield." I do not know their figures. They sell at the same price, but I venture the statement that Chesterfield outsells the Piedmont two to one.

Senator McLean. Do you think the average smoker can tell the

difference with his eyes shut?

Mr. PARKER. Yes; I think he can.

Senator McLean. Or with them open?

Mr. PARKER. I think if he did not tell the first cigarette that he will tell in the consumption week in and week out.

Senator McLean. You say this enormous increase in the consumption came with the blended cigarette. It also came with the war, did it not?

Mr. PARKER. No, indeed, Senator. It began long before the war.

Senator McLean. It "began"?

Mr. PARKER. No, indeed. You see, these figures do not include export figures, because export cigarettes do not pay any internal revenue. Therefore, I can go right up the line. In 1910 it was 8,000,000,000; in 1911 it was 10,000,000,000.

Senator Walsh. Of what?

Mr. PARKER. Of cigarettes.

Senator Walsh. Of all cigarettes?

Mr. PARKER. Of all cigarettes.

Senator Walsh. I was asking about the blended cigarettes. He asked you if the blended cigarettes had not increased during the war. Senator McLean. The cigarettes increased enormously during the war. It might have began before the war.

Mr. PARKER. The increase, so far as our soldiers consumed them

in France, is not reflected here at all.

Senator McLean. But they got the habit there?

Mr. PARKER. The increase has been in greater proportion—

Senator McLean (continuing). And I assume they have not dis-

continued the habit on the return very largely?

Mr. Parker. In 1910, it was 8,000,000,000; in 1911, it was 10,000,000,000; in 1912, it was 13,000,000,000; in 1913, it was 15,000,000,000; in 1914, 16,000,000,000; in 1915, 17,000,000,000; in 1916, 25,000,000,000. But we had not gone into the war in 1916.

Senator McLean. No; but the war was on.

Mr. Parker. But these figures do not include those shipped to foreign governments, because they do not buy internal revenue stamps, and therefore are not a part of these figures.

Senator McLean. You have got 25,000,000,000 to account for

after the war began, which is something of an increase.

Senator Walsh. Why is it that blended cigarettes are not more

expensive than domestic cigarettes, in view of the tariff?

Mr. Parker. Well, in the first place, domestic leaf tobacco has been very high. For instance, I am familiar with the Lucky Strike brand, because I represent the American Tobacco Co. always. After the armistice, when Burley tobacco remained very high and when shipping facilities were established well with Turkey, and the crops from there came over, our Turkish content in Lucky Strike cost us less than the Burley content. But that did not induce us to put in more Turkish, because we had a blend that has shown its popularity, and whether a blend is popular or not depends not on relative prices; and it does not depend on relative qualities, except as the quality appeals to the smoker.

The American Tobacco Co. makes pure domestic cigarettes, and its

livelihood is not dependent upon the Turkish cigarette.

Liggett & Myers Co. makes pure domestic cigarettes and blended cigarettes. The Reynolds Tobacco Co. makes blended cigarettes. But if you take the small manufacturers they almost all make pure Turkish cigarettes; and to increase—

Senator Smoot (interposing). Pure Turkish?

Mr. PARKER. Pure Turkish—the small manufacturers; it is the local men in the cities, and so on. Their business is almost all pure Turkish.

Now, if you increase the duty as proposed in this bill, you increase the tax per thousand on the pure Turkish cigarette to the extent of \$2 a thousand. The internal-revenue tax now is \$3. The duty at 35 cents, 3 pounds to the thousand, makes a total of \$4, and therefore you will have a tax which would apply to the pure Turkish cigarette of \$6 a thousand, which is simply, in my judgment, prohibitive.

Besides that, you are doing a vast injustice in putting this additional revenue of \$26,000,000 not on the whole industry but on the particular brands, because particular brands have been advertised and built up at the expense of tremendous sums of money; and when you destroy the blend, when you destroy the formula of manufacture you have destroyed the brand. A brand that is 10 per cent Turkish and 30 per cent Burley and 40 per cent Virginia and 20 per cent Maryland—if it is to preserve its identity it has got to preserve those percentages, and to legislate, to impose a tax falling unequally on different manufacturers is the height of injustice to the manufacturer. And in saying that I am not particularly speaking in the interest of the American Tobacco Co., because that injustice can better be stood by the American Tobacco Co. and Liggett & Myers than any other two importers. Take such as Lorillard, the Tobacco Products, and the small manufacturers, and it would be destructive of their business.

I think, therefore, that from the point of view of revenue, from the point of view of the conservation of established brands and businesses, from a point of view of the interests of the Virginia, North Carolina, and Kentucky growers, that any increase on this Turkish leaf is very disastrous. Senator Simmons, at least, will remember that ten years ago, or twelve years ago, when the pure Turkish business was growing, some North Carolina farmers and Virginia farmers, or spokesmen for them, took up with some members of the Senate and House from North Carolina and Virginia the question of the increase in duty on Turkish tobacco for the portection, as they said, of Virginia and North Carolina tobacco. They abandoned that; it never was brought before any committee, because they came to realize, even at that time, that the blended cigarette had had potentialities to the great benefit of Virginia and North Carolina farmers and not to their detriment; and time has shown the wisdom of that abandonment, because, as I said a minute ago, at that time the total tobacco used in cigarettes of all sorts was only about 35,000,000 pounds, whereas to-day in our blended cigarettes alone, disregarding for the moment pure Turkish and pure domestic, we are using 96,000,000 pounds of Turkish tobacco.

Senator Simmons. Are any of the producers of cigarette tobacco demanding additional grade as a matter of protection?

Mr. PARKER. One? Mr. Aram, of California.

Senator SIMMONS. And that is upon the ground that they may raise it?

Mr. PARKER. As a substitute for the Turkish. No suggestion has come from the Burley growers of Kentucky, the Virginia growers, North Carolina or South Carolina growers, or from any other section

of the country—no slight suggestion has come that this duty should be raised, because they recognize—every intelligent one does—that it would jeopardize and be likely to be destructive to their interests to have this Turkish tobacco eliminated, believing, as they do, from seeing the growth of brands, that the very largest selling brand, the most popular brands, the brand that appeals the most, to the extent of 70 per cent of the entire production in this country, is a brand that carries with it a little Turkish and a lot of domestic.

Senator Simmons. You have been speaking up to this time with reference to the cigarettes consumed in this country. Now, with reference to the cigarettes that you export, do you not export a large

number of cigarettes?

Mr. Parker. We export very few.

Senator Simmons. Do you mean the American producers, or are you speaking of your own company?

Mr. Parker. I speak of my company now.

Senator Simmons. I am speaking of the whole industry.

Mr. Parker. Senator, there is not as much export of cigarettes as there used to be. Every country is differentiating in favor of the domestic manufactured goods instead of the imported cigarette. The British-American Tobacco Co. is a large exporter. It had factories in Durham and Petersburg. But the British-American Tobacco Co. had to establish factories in China and India. The Imperial Tobacco Co. is a large user of American-grown tobacco, but its factories are in England. So the export of the manufactured cigarette from this country is falling off, and the inevitable tendency is to fall off, because every country differentiates in favor of the domestic-made product, as against the imported product.

domestic-made product, as against the imported product.

Senator Simmons. What I had in mind to ask you is, do the foreign consumers show the same preference for blended cigarettes

that the American consumers do?

Mr. Parker. I do not know, Senator. Camel cigarettes, I know, have a considerable export business. But as compared with the consumption of cigarettes throughout the world, the export from this country is insignificant.

It is suggested that this danger to the revenue, this injustice to the manufacturers, this injustice, in my judgment, to the leaf growers in Virginia, North Carolina, and Kentucky should be done—that this increased duty should be imposed because a substitute for Turkish

tobacco may be grown in California.

Senator Simmons. Mr. Parker, nobody is asking it, and for the present I am eliminating the California man, because we have not heard from him yet, and you say that up to this time there is no tobacco of the Turkish type produced, that they simply hope to produce it in the future. There is nobody who produces a tobacco who is asking for this increase upon the ground that it is needed for the purpose of protection of the American product. This, then, assumes the aspect purely and simply of a revenue proposition.

Mr. PARKER. Except for California, it does.

Senator Simmons. Except for California—I eliminate that.

Mr. PARKER. Yes.

Senator Simmons. In reference to the revenue from the tobacco industry in this country, I was under the impression that according

to the views of the Secretary of the Treasury and Dr. Adams, the expert, that we had gone to the limit in the revenue bill.

Mr. PARKER. I think you have gone beyond the limit of revenue

production.

Senator Watson. He made that statement here before the committee.

Senator SIMMONS. He did; that is my recollection.

Mr. Parker. I think you have gone beyond the limit, so far as revenue is concerned. But if you have not, then I ask, in the name of justice to the manufacturers other than my own company, I ask in the name of justice to the tobacco growers in North Carolina and Virginia, that you protect the brands in their relative positions by putting a flat tax on cigarettes.

It is not right, when there are no considerations of the proper protection of an American industry—it is not right to destroy a man's brand, on which he has spent thousands of dollars advertising and selling, by requiring him to change the formula radically of his content, because when you have changed that formula you have

destroyed that brand.

Senator McCumber. How is the tax upon the mere brand of cigarettes going to be beneficial to those who desire to raise the

tobaccos in California; how will it help them?

Mr. Parker. It will not. Now, we come directly to this California situation. I am frank to say that, as I have heard it, this Fordney bill tariff of \$1 a pound was not intended as a revenue producer; it was intended to protect and build up a so-called California production of Thereis have a first three of the same and build up a so-called California production of Thereis have a so-called California production of Thereis have a so-called California production of Thereis have a so-called California production of the same and the same

fornia production of Turkish tobacco.

We know a good deal about that California situation. The American Tobacco Co. in 1909 or 1910 had a much larger proportion of the tobacco business of this country than it has now. We bought tobacco in Turkey. We found conditions in Turkey uncomfortable, and we spent thousands of dollars attempting to grow a substitute for Turkish tobacco.

The CHAIRMAN. Why did not these interests have a hearing

before the Ways and Means Committee?

Mr. Parker. There was no hearing, as I understand, even from Mr. Aram. The first we ever heard of such was just about the time the Fordney bill was reported, and somebody found in an odd tariff hearing volume a memorandum filed by Mr. Aram, and there was no opportunity for a hearing. When we found it, the hearings had closed.

But, as I was saying, in answer to your quesion, the American Tobacco Co. literally spent thousands of dollars in attempting to grow a substitute for Turkish tobacco, and in many other places it has been experimented with—North Carolina, South Carolina, and California.

Mr. Malchrino, the founder of a large Turkish cigarette business, the Malchrino brand, attempted the production of Turkish tobacco in Colorado and California.

In 1911 the California business and the San Francisco business of the American Tobacco Co. was conveyed to the Liggitt & Myers Co. They continued the experiments that we had begun in California.

Mr. Drucklieb, a large Turkish leaf dealer in New York, tried it in the Carolinas and in New Jersey, and we could not grow a substitute for Turkish tobacco, and that is not strange. Nobody has been able to grow a substitute for Cuban tobacco. You can not grow in Turkey Wisconsin tobacco; you can not grow in Wisconsin North Carolina tobacco.

Even if conditions in California, to the superficial observation,

were precisely similar to what obtains in Turkey-

Senator La Follette (interposing). How extensive were your experiments in California?

Mr. Parker. They extended over several years. They involved

an expenditure—we leased the land—of \$20,000 or \$30,000.

The CHAIRMAN. I see in the appendix of the Ways and Means report that there is a brief on the Turkish tobacco question by the associated tobacco growers of California.

Mr. PARKER. That is what I said; that is what we first found, and

I think you will find it on page 4439.

The CHAIRMAN. Yes; that is the page.

Mr. PARKER. That is Mr. Aram's memorandum.

The CHAIRMAN. And that is the only information we have on this? Mr. PARKER. That is all. Another consideration that has got to be taken into account is this: Reference is made to their ability to grow Turkish tobacco in California, but really we think it is quite like a man who would go to England, saying that he could grow American tobacco there.

The fact is that the Turkish tobacco production in the country is as large as the United States, and there is as much difference between Xanthi and Kavalha tobacco as there is between Wisconsin and North Carolina tobacco, and it would be a little absurd, from my point of view, for an Englishman who was born in Wisconsin to say, "Well, I have been able to develop American tobacco." He may, perchance, have been able to develop something somewhat like Wisconsin tobacco, but he has not been able to develop Burley or Virginia or Maryland or Perique.

Senator Warson. Your contention is that this effort to grow Turkish tobacco in California has not succeeded in that it has not

developed a real substitute for the Turkish?

Mr. Parker. Absolutely, and never will.

The Chairman. Will you permit me, Mr. Parker? The committee has agreed, as well as the experts, that we must finish this schedule to-day. We recognize you as the chief speaker on the one side of the question and Mr. Dushkind and his associates on the other, as I take it?

Mr. PARKER. No; there is no disagreement between Mr. Dushkind

and his associates and myself. It was Mr. Aram.

The CHAIRMAN. You have already occupied nearly an hour?

Mr. Parker. Yes.

The CHAIRMAN. The committee appreciates the value of your remarks, but we must limit these things in reason. Have you come to any agreement with those holding opposite views on this question as to the time?

Mr. Parker. No; I never met Mr. Aram.

The CHAIRMAN. Then, have you any thought as to how long you want yourself?

Mr. Parker. I am quite sure that I will finish all I have to say in 10 minutes.

The CHAIRMAN. Is there any gentleman present who desires to be heard on the same subject as you?

Mr. PARKER. I think they do not desire to be heard, if I cover the

question,

The CHAIRMAN. You will no doubt cover it thoroughly, as you

have done in past years.

Mr. Parker. I was going to say that, in the first place, we know California will not grow Turkish tobacco, because we have tried it, or other manufacturers have tried it. In the second place, we are not surprised that it will not, because when you try to develop the aroma, the flavor, the body of a type of tobacco grown in one section in another 5,000 miles away, the chances are all against you.

Then we know, even superficially, that California is not like a great part of the Turkish territory. The extremes of heat and cold are different and fluctuate more rapidly. The season, so far as moisture is concerned, is different. But if you want what I think is the best theoretical advice as to whether California tobacco is Turkish tobacco, I suggest that you would have no better witness than Dr. Garner who is the head of the leaf tobacco division of the Agricultural Department.

Moreover, in 1917——

Senator Warson (interposing). Can the difference be detected by

chemical analysis?

Mr. Parker. I have no doubt it could, Senator, but chemical analysis of tobacco is not very satisfactory. You can determine it much better by smelling it; you can determine it much better by smoking it. But we would like to buy California tobacco; we would love to use California tobacco. Ultimately the production and use of California tobacco would be an economy to us. But it can not be done.

Now, what has been the history of that crop? Mr. Aram is an oriental, an Armenian, I believe.

Mr. Aram. Mr. Chairman-

Mr. Parker (interposing). There are several people in his section who have had an experience in Turkey, in Armenia, in growing tobacco. Now, they have gotten Turkish seed. They have attempted to bring about a substitute for Turkish tobacco. In 1920 they grew 200,000 pounds, so Mr. Aram's brief says. He believes—and I have not a particle of doubt he is sincere in his belief—that he can grow tobacco that approximates Turkish. But here you have an industry 10 years old which produces 200,000 pounds, and you have a consumption of Turkish tobacco in this country to-day of 40,000,000 pounds.

Senator Shortridge. May I interrupt you?

Mr. PARKER. Certainly.

Senator Shortridge. In 1920 there were 700,000 pounds pro-

duced instead of 200,000.

Mr. Parker. Senator, I have not any information about it at all, except as contained in Mr. Aram's memorandum, and Mr. Aram says in his memorandum the production is as follows: In 1906, 500 pounds; in 1910, 300,000 pounds; in 1919, 1,000,000 pounds; in 1920,

200,000 pounds. And then from 1906 to 1920, inclusive, or a period

of 15 years, 6,500,000 pounds.

Senator Shortridge. Having made the statement I did, Mr. Chairman, it is only just and proper to add that I have the crop figures verified, and we offer them as correct, showing the production of Turkish tobacco in California from 1906 down to and including 1920. In the year 1906 it was 500 pounds. I will not trouble you at the moment to read the output each year successively. But in 1907 it had increased to 9,500 pounds; in 1908, 30,000 pounds, and on down—I pick up the matter at 1917, when there were 498,000 pounds; in 1916 there were 870,000, and in 1919, 1,525,000. It fell off in 1920 to 700,000 pounds, for reasons which can be explained.

Mr. PARKER. Senator, you will quite understand I am not attacking the correctness of the figures, but I am justifying my statement because it was entirely in good faith and on the statement made in

Mr. Aram's brief.

Senator Simmons. I understood you to say that this California to-bacco, spoken of as Turkish tobacco, is not of the Turkish type.

Mr. PARKER. It is not Turkish tobacco at all; it is California tobacco. Ask Dr. Garner; ask any tobacco man. The Tobacco Products Co., whose president is here, has used some of the tobacco. He is using some now.

Senator Simmons. Is it bought in this market as Turkish, and do

they pay the prices obtained for Turkish tobacco?

Mr. PARKER. I did not understand.

Senator Simmons. Is it bought in this market as Turkish tobacco, and by the concerns that buy and use it and pay for it the price they

would have to pay for Turkish tobacco?

Mr. PARKER. Not at all. The president of the Tobacco Products Co. tells me he has negotiated for the purchase of some of this California tobacco in North Carolina. It has been taken down to North Carolina and subjected to the process of redrying that is common in domestic tobaccos, and which is never applied to the Turkish tobacco. He says it is the best California he ever saw. He is offering 35 cents, and the man wants 40 cents.

Senator Warson. Has that company attempted the use of Cali-

fornia tobacco in the manufacture of cigarettes?

Mr. PARKER. Not to any extent. Our company attempted some little use when endeavoring to grow it, and we never found it pleased us. The Tobacco Products Co. did try it, and still use it, and it is entirely conceivable that if the California tobacco growers would really produce tobacco and reach a dignity of output, if I may so express it, it may be that somebody will get a blend and use some of it.

Fifteen years ago, Senator, Burley tobacco was not used in cigarettes except by some manufacturers down in New Orleans, and it was a tradition of the trade that Burley cigarettes would not sell outside of the Gulf States. But when Camel came and when Lucky Strike came and Chesterfield came, the manufacturers were able to blend with their Turkish, Maryland, and Burley in cigarettes hat hit the popular consumption, and nobody can foretell what combination will hit. But it is not Turkish tobacco, it never has been Turkish tobacco, it never will be Turkish tobacco, and you had just as well talk about protecting the banana business in order to create a banana business in Maine.

If the California growers grow tobacco and keep on growing it, they may get some results. Mr. Dixon, of the Tobacco Products Co., told me this morning, "I am using this California tobacco. I do not think of it as Turkish tobacco at all. But I got up a cigarette that sold on the East Side in New York that contains some Turkish, some Burley, some Virginia, and some California. It is called "Afternoon," and it is selling fairly well"

But Mr. Dixon says further that "Under the stress of war times and the impossibility of getting Turkish tobacco, I did try an experiment once with this California tobacco as a substitute for Turkish. I put in 10 per cent in three brands—Royal Nestor, Oxford, and Arabs; and those three brands were living brands when I put it in,

and they are dead now."

The smoker wants, gentlemen of the committee, what he wants. The Chairman. Does the smoker show any bad effects from the consumption of these cigarettes?

Mr. PARKER. From the California tobacco? The CHAIRMAN. Of the brand that died out?

Senator McLean (interposing). Do they put anything into ciga-

rettes besides tobacco?

Mr. Parker. Pure Turkish, no. The pure Turkish cigarettes, it is my understanding, have only the tobacco. Virginia cigarettes, like Sweet Caporal and Piedmont, carry, I think, some sugar and they carry a little glycerin, because glycerin has an affinity for moisture and it is used in small quantities so that they may retain a fairly moist condition. Camel and Lucky Strike cigarettes, I think, have added to them some chocolate, maybe, and maple sugar, and those ingredients that frequently go into the Burley tobaccos.

If not uninteresting to you, Senator, the Camel cigarette was produced by the Reynolds Tobacco Co., and it made a tremendous success in Prince Albert tobacco, and I have always had an impression that the Camel cigarettes carried with it some of the flavoring that had made the Prince Albert so popular. I know that Lucky Strike has in it some of the flavoring and process of manufacture that being applied to Lucky Strikes and Tuxedo tobacco have made them very

successful.

But if you mean to ask if there is anything in cigarettes that is harmful, unless tobacco is harmful; if you mean to ask whether there is any dope in them; if you mean to ask whether there is a thing in cigarettes that has any harm in it, then I say with all emphasis, no; and I speak not only for my own company but I speak with emphasis for every cigarette manufacturer in the United States.

So far as we conceive it, this is an attempt to carry the doctrine of protection clean beyond any limits that have ever been suggested. It is not to protect an industry, but it is to protect a hope and a vain hope, and a hope that the theorist and the practical man condemn. With all deference to the doctrine of protection, and with all defer-

ence to the productivity of California, it seems to us it is going too far and that this committee is not going to, as the House committee would not if the hearings had been had, do the injustice to the industry, the revenue, the owners of the brands and the tobacco planter.

Senator Watson. Do you want to strike out the whole dollar a

pound or modify it?

Mr. Parker. I propose to strike it all out. I propose the tax on Turkish fillers or cigarette fillers be, as it has been since 1882, no higher than cigar fillers. And so far as I have had anything to say about the cigar industry, I have urged that that filler ought not to

be advanced over 35 cents.

The CHAIRMAN. Now, gentlemen of the committee, we have before us Senator Shortridge, and we would be glad to expedite the Senator's matters, as he is a busy man, and have him address the committee or present such of his constituents as are here and may desire to be heard upon the rate of duty upon Turkish tobacco. Senator, the committee will be glad to hear you.

STATEMENT OF HON. S. M. SHORTRIDGE, SENATOR FROM CALIFORNIA.

Senator Shortridge. Mr. Chairman, I will take but a very few moments of the committee's time. I will very gladly follow the suggestion of the chairman, and permit Mr. Aram, of California, to

present the matter more in detail.

I think it is proper, at the very outset to say that the gentleman who has just addressed you is in error when he says that the Ways and Means Committee asked an exparte statement. I am well informed as to the action taken by the House committee. I understood him to state that there had been no presentation of this matter to the House committee, that no one had appeared, no one had been heard. I understand that the matter was taken up before a subcommittee of the committee on Ways and Means, and very thoroughly discussed, broadly and in detail, arguments for and against the proposed increase being presented.

Senator Simmons. Is that discussion in the records of the Ways

and Means Committee?

Senator Shortridge. I am not able to answer, Senator, but I was struck with the gentleman's remark, and turned to Mr. Aram, who advised me as he will in turn advise you from his own knowledge.

I think it proper to have our minds fixed on the fact that the term "Turkish" tobacco is a generic term and used to differentiate between many members of the tobacco family. In the term "Turkish tobacco" are included over 20 varieties of tobacco. The notion seems to prevail that from Turkey, whatever her territory may now be, comes one specific, well-defined type of the plant known as tobacco, and that that well-defined and exclusive type bears the extraordinary term "Turkish," and, moreover, that that particular kind of tobacco can not be raised elsewhere on God's earth than in Asia Minor. Such a notion is altogether erroneous.

There has been submitted here to this committee a tabulated memorandum containing much detailed information which I trust the members of the committee will have opportunity to read and to

consider.

So much in brief reply to the remarks of the scholarly gentleman who has spoken.

The CHAIRMAN. Senator, will you permit me to interrupt you a

moment?

Senator Shortridge. Yes.

The CHAIRMAN. Do you desire to have that pamphlet printed as a part of your remarks?

Senator Shortridge. I very much desire it.

The CHAIRMAN. It will be inserted as part of the Senator's statement to the committee.

Senator Shortridge. Thank you. Touching the soil and climatic conditions prevailing in California——

Senator SIMMONS (interposing). Senator, let me direct your attention to one thought I have in mind?

Senator Shortridge. Certainly.

Senator Simmons. You say there are various types of tobacco produced. The question, it seems to me, before this committee is that we are considering it from the standpoint of protection, whether it ought to be protected or not, whether there is produced in this country, in California, or elsewhere, a type of tobacco which comes in competition with the Turkish tobacco, selling at something like the same price that the Turkish tobacco would sell at, less the duty imposed. It is a question of competition. There may be a great many types, but is there a type so nearly approximating that in all the elements that enter into the desirability of that type for use in the manufacture of cigarettes?

Senator Shortridge. It may be known that I am a protectionist.

I believe in the doctrine of protection.

Senator Simmons. I understood that very thoroughly.

Senator Shortridge. In the theory and the experience of protection, and my immediate answer to your thought is that there is produced in this country and there is produced in California a tobacco which we designate "Turkish tobacco," which comes in competition with tobacco grown somewhere yonder in Asia Minor—whether it be in Turkey proper or surrounding territory is neither here nor there. You are quite right in suggesting that this question does involve an application, and I hope a true American application of the American doctrine of a protective tariff, the purpose of which is to build up and sustain an industry in this country which can not, un-

protected, meet competition with the foreign product.

As to California, I was about to say, you are all familiar with its geography. There was published some time ago by our Geographical Society a very interesting bulletin in which learned men undertook to account for the peculiar climatic conditions of the Pacific coast, from, say, the northern boundary of Washington State down to the southern boundary line of California. Having regard to ocean currents, to trade winds, and air currents, to latitudes and to altitudes, to the direction of the ranges of mountains, to rainfall on the western and eastern slopes of our mountains; taking all of these physical facts into consideration in an attempt to account for the peculiar summer and winter climate of California, the conclusion arrived at was, in point of truth, somewhat as Socrates would say, "That I do not know." And yet, there it is. There is that peculiar climate,

different as to temperature and rainfall on the eastern and western slopes of our mountain ranges, and hard to account for. In brief, climate and soil of hillsides and valleys differ for reasons suggested.

I trouble you with these words to come to the point, that this type of tobacco, spoken of as "Turkish tobacco," which comes in competition with the tobacco grown yonder in Asia Minor, is now planted, cultivated, grown, and produced in some 10 counties in California: In Fresno, Tulare, San Joaquin, Santa Clara, Placer, Mendocino, Yolo, Yuba, Sacramento, and San Diego. In other words, this tobacco is raised in San Diego County, our extreme southern county, and in Mendocino County, away up in what we speak of as northern California, and along the foothills of the western slope of the Sierras, to the east of the Sacramento and the San Joaquin Valleys. To repeat, the raising of this tobacco is not confined to any one locality or small territory.

Senator McCumber. Senator, may I ask you a question right

there?

Senator Shortridge. Yes, sir.

Senator McCumber. You stated a moment ago that there were very many different species or varieties of tobacco raised in Turkey, or what is known as "Turkish tobacco." Are all of those varieties of which you speak used in the blends which make our cigarettes, or is there but one specific variety out of the great number that may be raised in what we call Turkish territory?

Senator Shortridge. Frankly, Senator, I am not able to answer your question. I understand that various types or kinds are imported from Turkey, but what or how many varieties, under what particular subnames, are used in this blending process, I am not

advised.

Mr. Parker. I do not desire to interrupt, but I can supply the information if I may. A great deal of Turkish tobacco is not brought to this country at all, and is as worthless for purposes of American manufacture as any tobacco in the world. But the blends themselves consist of several varieties. For instance, in Pall Mall cigarettes it is said there are 42 varieties that go to make up that combination; and even when there is a 20 per cent blend of Turkish in cigarettes that may be a half dozen or a dozen different varieties of Turkish tobacco, the Xanthi being used for aroma, the Kavalha for taste, and the Smyrna for burning qualities or combustion.

Senator McCumber. Are they imported already blended?

Mr. PARKER. No. The skill—and sometimes good luck of cigarette manufacturers is in blending and balancing the quality of the Xanthi for aroma, and Kavalha for taste, and Smyrna for burning or combustion qualities.

Senator McCumber. Let me ask whether or not the tobacco which you raise in California which you call Turkish tobacco, consists of only one particular kind or whether you have the several species that

are imported from Turkey?

Senator Shortridge. If you will permit me, Senator, I will allow Mr. Aram to answer that, because I am not able to do so with any degree of certainty. It has been suggested here that efforts were made to raise this kind of tobacco in California and that they were abortive or a failure. Of course, I do not recall what detailed effort

they made, or in what quantities it was raised, or where, or by whom, but I have stated that this tobacco is now raised in 10 counties of our Manifestly, there are counties where it could not be raised.

Senator Simmons. Senator, does that tobacco raised in your State sell in the markets of this country at much higher prices or any

higher prices than the average tobacco sells?

Senator Shortridge. It takes on a different value because of the sum total cost of production. It is an essentially different plant in size, in cost of production, etc., from other kinds. I have an "impression," to use that word, that there are gigantic companies in this country whose interests are hostile to the development of this particular brand of tobacco in California, and their interests and control over the market may be such as to effect the price offered for this particular tobacco.

Senator Smoot. Do you know what the price for the 1920 crop was? Senator Shortridge. I do not have the figures before me; but

Mr. Aram will be able to advise you.

May I trouble you for a moment longer? It was said at one time we could not raise what has been erroneously called "English walnuts" in California. Well, we raise California walnuts, still sometimes called English walnuts, in great quantity and of the very finest

It was erroneously thought, and I have heard it stated in this room. that we could not raise almonds in California equal to the product of France or Italy or other European countries, but the evidence, the fact, is we raise the finest almonds in the market to-day, and

adequately protected, we can supply the American market.

It was said originally that we could not raise certain kinds of grapes in California. But that suggestion has been long ago disproved. We raise every variety of grapes, and prices are better than formerly.

Now, it is said here this day that we can not raise this particular type or kind of tobacco in quantity or of quality sufficient to gratify the tastes of the American smoker who wants to smoke cigarettes blended or made up of a quantity of something containing a little "Turkish" tobacco.

Senator McLean. A little chocolate, glycerine, and sugar.

Senator Shortridge. Yes; chocolate, glycerine, sugar, and other unknown x-quantities. I take issue with the gentleman; I deny his contention; we are ready to prove that his claim, or the claim of his

clients, is utterly unfounded.

Now, as to the raising of this kind of tobacco: We started in in 1906, with 500 pounds. Well, for some reason men continued to plant and to cultivate, and Mr. Aram, who is an Armenian—we have quite a population of native Armenians in California—and familiar with the cultivation of this particular tobacco, will give you detailed information as to the growth of the industry from 1906 to the present time.

Senator Warson. Senator, since 1913, the tariff has been 35 cents a pound, I understand, on the unstemmed, and on the stemmed 50 cents a pound, and with that tariff you have been able to increase your production of tobacco, as you have stated, and why is it neces-

sary to raise the tariff to \$1 a pound?

Senator Shortridge. That is a pertinent question which calls for an answer, of course. Conditions in the world change. The price of labor changes; the cost of production changes here and abroad. We have abnormal conditions.

Senator Watson. That is what I was trying to get at.

Senator Shortridge. I have thought of these things, and they are all incorporated, and a satisfactory answer in substance to your question is set down here in this memorandum.

Senator Watson. I just wanted to get that.

Senator Shortridge. Yes; thank you, Senator. Permit me to repeat a few of these figures: In 1906, 500 pounds; in 1908, 30,000 pounds; in 1909, 30,000; in 1910, 300,000; in 1911, 490,000; in 1912. 250,000; in 1913, 215,000; in 1914, 245,000; in 1915, 500,000; in 1916, 800,000; in 1917, 498,000; in 1918, 870,000; in 1919, due to good conditions and many elements contributing, 1,525,000 pounds; in 1920, for reasons to be explained, 700,000 pounds.

Senator CALDER. The war gave you an opportunity to develop the

tobacco there and impressed the value of it upon the country?

Senator Shortridge. Yes, sir. In other words, gentlemen, whatever may be said to the contrary—probably by gentlemen who have not had the pleasure of visiting California or who have not come in contact with the physical facts there—whatever may be said to the contrary, the fact is, the outstanding fact is, that commencing with 500 pounds in 1906—experimental, if you will—the industry has grown, employing many men, women, children, and in every way has been and is an advantage to the State and, moreover, I think. an advantage to the Nation.

Now, one more thought to which I wish to call your attention. and then I will ask you to listen to Mr. Aram. Something was said as to the consumption of cigarettes in America. I have figures here commencing with 1912 down to and including 1920. In 1912 it seems that our people got along by smoking 11,239,000,000 plus. cigarettes. But in 1920 they consumed 50,448,000,000 plus.

Senator Warson. The women have learned to smoke in that time.

(Laughter.)

Senator Shortridge. Yes; I believe in one of our States they have passed a law making it a penitentiary offense to smoke cigarettes in Whether that law is being enforced, I am not advised.

The CHAIRMAN. I think in the State of Utah they are not permitted

to smoke them at all.

Senator Smoot. Oh, yes, they are. I would not care if they were not.

The CHAIRMAN. Are they permitted to smoke in private?

Senator Smoot. Oh, yes.

Senator Shortridge. In the matter of exports, in 1912 our merchants and manufacturers were able to export and did export 1,630,000,000 plus, and in 1920 15,833,000,000 plus. It appears that those figures indicate that the consumption has increased vastly and that the exports have similarly increased.

Senator McLean. We exported 15,000,000,000?

Senator Shortridge. Yes; exported from the United States.

Senator McLean. What is the unit—pounds or cigarettes? Senator Shortridge. Cigarettes. The reports mounted up from

1,600,000,000 plus in 1912 to 15,833,000,000 plus in 1920.

I thank you very much, gentlemen. I repeat that the House committee listened to this matter and reached a conclusion. We thought then—we think now—that the conclusion was right, not on behalf of California alone—I trust that my vision extends beyond the territory of that State—for if that conclusion involved an industry of North Carolina or Florida, and the facts were as they are, I would pray the privilege to stand here and speak in behalf of that conclusion and that industry. It does not affect California alone. Of course we have a very large territory, and we are no inconsiderable portion of this Union. You can take all of New England, New York, and Ohio and lay them down on the soil of California, and still we would have some unoccupied ground.

Senator SIMMONS. Senator, you said a little while ago that there were certain interests in this country that were very antagonistic to the growth of this Turkish tobacco in your State—at least that is

what I understood you to say.

Senator Shortridge. Yes, sir.

Senator Simmons. I am rather at a loss to understand why any interest in this country should be antagonistic to that. Certainly the manufacturer who uses it as a blend ought not to object to it, because if you grew there the Turkish tobacco he would not have to pay that duty on it. He would get it at the American price, less duty. Certainly the producers of the ordinary types of tobacco in this country ought not to object to it, because it is very clear, I think, that this Turkish tobacco has popularized the use of his tobacco, has extended the use of it; and the cheaper that class of tobacco is bought by the manufacturer the greater price he expects to get for his type of tobacco.

Senator Shortridge. Yes, Senator; I appreciate the force of your words.

Senator Simmons. Therefore it seems to me that both the manufacturer and the producer of tobacco in this country ought to welcome the production in this country of Turkish tobacco, if it can be produced here.

The CHAIRMAN. What are the interests that are opposed?

Senator Shortridge. I will answer that in a moment. I have always thought that the cultivation of this tobacco should be encouraged. But strangely enough, whenever this question of fixing a tariff on an imported article arises, there develops this conflict: Upon the one hand, there will be importers, or manufacturers closely related with importers, who come forward and say that the American product, whatever it may be—agricultural or manufactory—can not be produced in quantity or quality equal to the imported article. Wherefore they oppose a rise in the tariff; wherefore they argue and say that the American product from field or shop never can be developed or produced to meet the demand.

Senator Watson. Have you any evidence to show that the large tobacco companies in the United States are interested in the Turkish tobacco in Turkey or the other countries which have been referred to?

Senator Shortridge. I have been informed that they are largely interested in the importation of this so-called Turkish tobacco, and that because of business interests and connections abroad they want

no increase in the duty, lest it will interfere harmfully with their now vested interests and connections.

Mr. PARKER. You do not mean that any of the tobacco manufac-

turers are interested in Turkish lands, do you?

Senator Shortridge. I do not know that they have title to the Turkish lands themselves, nor do I undertake to so state; nor is it necessary that they should have.

Senator SIMMONS. Let me ask you this question: Is it your understanding that Turkish tobacco sells in this market for less than

American leaf tobacco?

Senator Shortridge. I understand the different grades and

kinds----

Senator Simmons (interposing). Well, this Turkish tobacco. In this market, leaving off the duty paid on it, does the invoice price of Turkish tobacco fall, or has it ever fallen, below the price of American cigarette tobaccos?

Senator Shortridge. I understand not.

Mr. PARKER. Generally speaking, of course, you are perfectly right—Turkish tobacco with duty added.

Senator SIMMONS. Take the duty off.

Mr. Parker. Take the duty off? It varies very much in type and price. Mr. Dushkind tells me that the average import price of Turkish tobacco in bond—that is, without duty—is 94 cents.

Senator Simmons. Has any tobacco ever produced in this country

sold for that much?

Mr. Parker. Yes; Connecticut tobacco.

Senator Simmons. I am speaking of cigarette tobacco.

Mr. Parker. No.

Senator Shortridge. Finally, gentlemen, if this rate which we are asking were designed wholly and exclusively for the benefit of California, I would ask it. But I would follow it by the statement that it can not in the movements of business in America be hurtful to the consumers in America.

If Connecticut asks a special rate for her tobacco, I favor it, if it will develop that industry in that State, not because of Connecticut alone, though if it were so I would favor it, but in the development of our common country. The development of the West helps the South; the development of the South helps the North; the building up of New England creates a market for the West and the South. Therefore, while I do not appear here in behalf of California in any exclusive sense, still I ask you to consider her, her industry, her people.

Senator SIMMONS. If Turkish tobacco was now selling at a higher price than any other cigarette tobacco produced in this country, it would seem that when you add—I mean, in bond—35 per cent, that

ought to prove protective.

Mr. Parker. I am told that the figures show that the average price of Turkish tobacco was 94 cents during the year 1920; that was in bond. That, of course, makes a duty-paid value of \$1.30, virtually. The average price, as figured by some division of the Department of Commerce, of the domestic cigarette tobacco—that includes North Carolina, Virginia, Burley, and others—was 41 per cent.

Senator Simmons. Nearly double.

Mr. Parker. More than double—41 as compared with 130, or

substantially three times as much.

Senator SIMMONS. I have understood that the industries of the country claim absolute protection where the foreign was underselling the American product. But here is a case where the foreign product seems to be selling for twice the domestic product, and still you want more than 35 per cent.

Senator McLean. About what is the percentage of the cost of material in the high-grade cigarettes to the cost of the cigarette? I refer to the high-class Turkish cigarette, which I understand they

sell for more than any other.

Mr. PARKER. Yes; the high-class cigarettes are the type which sell at from 25 to 30—Egyptian Deities and Pall Malls, etc.

Senator McLean. Two and a half to 3 cents apiece?

Mr. Parker. Yes.

Senator McLean. What is the cost of the material in that cigarette? Mr. Parker. Senator, I can not give the information, although I can send it to you, because precisely that question came up not long ago, and we analyzed the elements, and leaf cost is substantially the largest element of our cost.

Senator McLean. I understood you to say about \$4 a thousand?

Mr. PARKER. No; you misunderstood me. I said that the present internal-revenue tax is \$3. The cigarette uses 3 pounds to the thousand; therefore the tariff tax now prevailing, 35 cents a pound, adds \$1, making \$4 of tax—not the cost. When you add to it—if you did add to it—the proposed addition, it would make \$2, making a total of \$6 tax.

Senator Simmons. How much does the tobacco cost?

Mr. Parker. If you say that the average cost of Turkish tobacco is 94 cents, I would assume that the average cost of Pall Mall and Deities would be \$2.

Senator McLean. Two mills to the thousand? Mr. Parker. No; \$2 a pound, or \$6 a thousand.

Senator McLean. That is a cent and two mills; and that covered

the cost of material in the highest-priced cigarettes?

Mr. PARKER. Of course, in those cigarettes you have very high cost of wrapping material; that means fancy boxes and the paper, and you have uniformally high-class paper in those high-class cigarettes.

Senator McLean. They are made by machinery, are they not?

Mr. Parker. To an extent; but some are made by hand.

Senator McLean. I wish you would hand to the committee the percentage of costs to the selling price.

Mr. PARKER. Does that mean the highest class cigarettes?

Senator McLean. Yes; made out of Turkish tobacco-entirely Turkish tobacco. I understand you put in only a very small percentage of Turkish tobacco into the blends?

Mr. Parker. Oh, no. We put, I would say, Senator, as I stated to you, in a rather complicated way, the blended cigarettes carry on the average 20 per cent Turkish.

Senator McLean. One-fifth?

Mr. PARKER. That is one-fifth; yes. That Turkish is frequently of a lower price than very high class Turkish, but it bears, of course, a duty of 35 cents.

Senator Watson. Senator Penrose supplies me with Pall Mall cigarettes, in a beautiful box. Do I understand you to say their principal value is in the box?

Mr. PARKER. No, indeed. [Laughter.] The principal value is in

the cigarettes.

The CHAIRMAN. Senator Watson asks for one every morning. Gentlemen of the committee and witnesses, the hour for the Senate to meet has arrived, and the committee will therefore stand at recess until 2 o'clock this afternoon, when these hearings will be resumed,

and the tobacco schedule must be disposed of to-day.

(Thereupon, at 12.15 o'clock the committee took a recess until 2

o'clock this afternoon.)

AFTER RECESS.

The hearing was resumed at the expiration of recess, at 2 o'clock p. m., Senator McCumber presiding.

Senator McCumber. The committee will please come to order.

Senator Fletcher, is it your desire that we should go on now with your statement, or would you prefer to have us call some of the other witnesses first?

Senator FLETCHER. Mr. Chairman, the California case was unfinished, and perhaps it would be preferable to have that case go on in connected order. I believe they are prepared to go on at this time.

Senator McCumber. That was my understanding, but I desired to

know if it was agreeable to you.

Senator Fletcher. Yes; it is agreeable.

Senator McCumber. The committee will now hear from Mr. Alfred Aram.

STATEMENT OF MR. ALFRED ARAM.

Senator McCumber. Mr. Aram, will you kindly state your full name and address?

Mr. Aram. Alfred Aram; Fresno, Calif. I am president of the

Associated Tobacco Growers of California.

Mr. Chairman and gentlemen of the committee, I can not expect to be as eloquent as the gentleman who represented the manufacturers, because this is my first experience in speaking at a public hearing before a committee of Congress, but I shall endeavor to put

the facts as we know them before you.

I represent the Turkish type tobacco growers in the State of California. That organization, I may say, is composed of farmers who actually grow the tobacco. We have a membership of some 300 farmers. I may state to you also that 92 per cent of the membership of that organization is made up of men who are not less than three-generation Americans. There was a reference made here this morning about my being an Oriental, or something of that kind. I was born Armenian through unavoidable circumstances, but I became an American citizen through choice. Also the gentleman who made that remark knows that I was wearing the uniform of the United States Air Service as early as April, 1917, and the manufacturers whom he represents took full advantage of my absence from business in dealing with our farmers.

Senator Warson. There was nothing said this morning by way of a slur or implication.

Mr. Aram. I did not quite like it. It was taking unfair advantage. Senator Watson. I am sure that Mr. Parker said that only to show that you had some knowledge of that situation. Then, afterward, Senator Shortridge referred to the fact that you had been born in

Armenia. That is nothing against you.

Mr. Aram. The Fordney bill puts a tariff of \$1 per pound on the Turkish type of tobacco. We ask no change in the tariff as it stands in the Fordney bill, although we asked for a higher rate from the House committee. The term "Turkish" does not imply tobacco coming from any particular country. The term "Turkish" is simply a popular name for one branch of the tobacco family. The scientific term for that particular branch is nicotinum rusticum. If we should say nicotinum rusticum, it would mean the Turkish type of tobacco, no matter where it is grown. There has been an effort to represent that there is a discrimination against one country or several countries. This type of tobacco is now grown in over 20 different countries.

First of all, we asked the Ways and Means Committee of the House for a separate classification of this type of tobacco. Heretofore it has been classified as filler tobacco, just as a number of other different types are classed under the filler classification. The reason was that it is impossible to put a just tariff on one of these filler tobaccos without doing an injustice to the other tobaccos included in that term "filler tobacco."

I wish to call the attention of the committee to the difference of that Turkish tobacco and other types of tobacco carried under that term. It can be seen very easily from the physical characteristics of these various tobaccos that they can not all survive under the same classification. The 35-cent rate on filler tobacco was put on long before we knew anything about Turkish tobacco and long before we had any such tobacco grown here.

The yield of this tobacco [indicating] is from 800 to 1,500 pounds per acre, I understand. If we get 400 pounds of cured tobacco from the Turkish tobacco, we feel very happy about it. The method of curing and preparing for market this particular kind of tobacco is different from that used in connection with these tobaccos here

[indicating], and involves much heavier expense.

Senator DILLINGHAM. Do these samples that you have here repre-

sent the actual size of the leaves?

Mr. Aram. Yes, sir. This tobacco, as I understand it, is harvested in the South by cutting the entire stalk off the ground. This tobacco

is primed off, leaf by leaf, as each ripens.

Senator Simmons. You are mistaken about that. There are sections in the South in which it is cured in the way you indicate. They cut the stalk off and cure the tobacco on the stalk. In North Carolina, where I live, we invariably pull the leaves off and cure the leaves.

Mr. Aram. I am not acquainted, Senator, with the tobacco situation in the South. However, there is no comparison either between the yield per acre and the method of manipulation and expense between the two tobaccos. The period of harvesting the leaves off the stalk of the Turkish tobacco extends from one month to five weeks,

and it must be done before sunrise. That is one of the reasons that a separate classification became necessary for that particular type of tobacco, in order to separate it from the filler tobaccos. Our tobacco has much smaller yield per acre and requires heavier expense and careful work in manipulation. I have gone into that very thoroughly in our brief, or memorandum as I have called it, which we will submit to the committee for the records.

Senator Simmons. What is the comparative thickness of that small

Turkish tobacco and the Virginia type?

Mr. Aram. This [indicating] is a little thicker. There is more body to it.

Senator McLean. Does that represent the average?

Mr. Aram. This represents the average high-grade tobacco of its type. There are larger leaves, but they are not considered a good grade of tobacco.

Senator McLean. That is just the point. Are there larger leaves than those on every plant? In other words, have you selected these

small leaves from a plant that had larger leaves on it?

Mr. Aram. The bottom leaves are somewhat larger, but they are not as desirable. They bring a lower market price than these leaves

here [indicating] do.

Senator Simmons. Now, when you are estimating the number of pounds that you raise per acre do you include only the small leaves that you say are of the higher type, or do you include both the small leaves and the larger leaves?

Mr. Aram. The entire yield; that is, all that is harvested off the

stalk.

Senator SIMMONS. What is the difference between the price of the higher grade small leaves and the price of the lower grade larger leaves?

Mr. Aram. Well, that would be very difficult to say, because of the difference of types. The manufacturers could answer that better than I can.

Senator Simmons. You make it and sell it, do you not?

Mr. Aram. Yes, sir.

Senator Simmons. Then you ought to know.

Mr. Aram. I would say there is 100 per cent difference between the price of the bottom leaves, the middle, and the top leaves. That has been our experience.

Senator Simmons. Do you get from those small leaves more than

the average price of Virginia-grown tobacco?

Mr. Aram. Much higher.

Senator Simmons. What did you get for it?

Mr. Aram. We have sold it as high as \$1.25 per pound, when we did get anything for it.

Senator Simmons. What do you mean by saying when the manu-

facturers give you anything for it?

Mr. Aram. I mean by that that since 1919 we have not been able to sell a pound of tobacco. We have had to give it to the manufacturer at the manufacturer's price, and not at the fair value of the product.

Senator Simmons. What price did you have to give it to him for?

Mr. Aram. We have not sold anything since 1919. Prior to that we have sold our tobacco at from 25 cents a pound to \$1.25 per pound.

Senator LA FOLLETTE. That is since last year?

Mr. Aram. We have not sold anything since and including the 1919 crop. It is in the warehouses.

Senator Simmons. Why?

Mr. Aram. There are two reasons: The first is that if they purchase these tobaccos from us and give it a fair value, that is, cost plus a fair profit, they will be higher; they will have to pay us a higher price than they would pay for the imported leaf of the same type and grade. In the second place, the manufacturers do not want to encourage this industry in California because they feel that the California crop can not be controlled as the imported crop is controlled. They tried it and we would not stand for it. There is a tendency out in California to do business on a cooperative basis and to stand up for a fair profit. I have evidence of that. I will come to that a little later on.

Senator Simmons. You say you did not sell the 1920 crop at all? Mr. Aram. No, sir; nor the 1919 crop.

Senator La FOLLETTE. Was it a good crop? Mr. Aram. Yes; it was a fair crop.

Senator Dillingham. What did you get for the 1918 crop?

Mr. Aram. It was according to the varieties. The highest was \$1.25.

Senator LaFollette. Have the manufacturers given any reason

for refusing to buy the crops of 1920 and 1921?

Mr. Aram. They have not stated any clear, definite reason, but, Senator La Follette, we have dealt with these people for 16 years now, and from our own experience we can read between the lines. We have had a thorough investigation made; we have had a very thorough experience with the manufacturers, and we know the reasons. They have made them known to us. They do not mince words with us and tell us where we get off, but they do not speak for publicity. And when they come down before Congress they speak very very nice and assume the rôle of the much abused business man. The reason seems to be that they do not wish to encourage the industry in the United States because it can not be controlled by the big five as the imported leaf is controlled. They are not going to encourage the industry if they can help it.

Senator Simmons. Tobacco sold at a high price in 1919, did it not? Mr. Aram. Yes. They offered——

Senator Simmons. The Virginia tobacco sold at good prices.

Mr. Aram. At the same time the highest offer we could get was 40 cents a pound. That represented one-third of the cost of production. We could not sell it. Besides, they never make a firm offer. They always leave a loophole for themselves. When we deliver the tobacco they take some at the agreed price and reject the rest, giving us the alternative of accepting a much lower price. They do this because we can not say—well, we don't sell, we will sell it to the next fellow—because there is no next fellow.

Senator Warson. Could they buy the Turkish tobacco during the

Mr. Aram. Some.

Senator Warson. When they could not get it except in small

quantities, did they make any offers?

Mr. Aram. They bought it all. In addition they went to China and Korea, operated their own plantations and raised Turkish tobacco there and kept themselves supplied until the armistice.

Senator Watson. How much did you raise? Mr. Aram. I have the figures in my brief.

Senator Watson. How much did they pay for it?

Mr. Aram. We sold it for whatever they offered for it. That was, as I said, from 25 cents to \$1.25 per pound.

Senator Watson. That was at this particular time; that is, while

we were in the war?

Mr. Aram. Yes.

Senator Dillingham. Can you state what proportion you sold for 25 cents and what proportion you sold for \$1.25?

Mr. Aram. I haven't the figures here, but I can prepare a state-

ment and submit it to the committee, if it is desired.

There was a statement made this morning which would make it appear that the California people wanted a tariff on an industry that they hope to establish rather than on an industry already established and entitled to protection. I want to say that that industry is already established. Since the speaker representing the American Tobacco Co. referred to it, I would like to read from a pamphlet which deals with this particular point. It was issued by the American Tobacco Co. in 1909. The statements in the pamphlet refer to Turkish type tobacco exclusively:

The growing of tobacco is a common-sense proposition with no mystery of any sort attached. * * * The growing of tobacco in California is well on its way. In fact it may now be regarded as an established industry.

That was in 1909, when we had a production of 37,000 pounds. If it was an industry then, why isn't it an established industry in 1919, when the production was 1,525,000 pounds?

This pamphlet was issued in 1909 by the Exeter Tobacco Ranch, operated by the American Tobacco Co. That is the experiment

station that they referred to this morning.

I have letters also from manufacturers stating that the reason that they can not give us the price we think fair is that they do not want to give us a higher price when they can get that same tobacco on the other side at a lesser price. They do not say anything about quality.

I have a letter from Mr. James M. Dixon, chairman of the board of the Tobacco Products Corporation, who is now present. It is dated

June 25, 1918, in which he says:

I can only repeat what I have told you so many times—the offer that I originally made you I do not consider is in any way binding. The tobacco market for Greek tobacco is at the present time on the decline, and I may be obliged to change my offer at any time without notice to you. The matter is certainly not of sufficient interest for me to come out to Fresno, when I know that the price which sellers are asking is more than I will pay.

Senator McCumber. Is this California tobacco used as a sub-

stitute for the Turkish tobacco?

Mr. Aram. Of course, Senator McCumber, they do not state what they use it for, but I have letters from the manufacturers. One letter is written by a large manufacturer of the highest grade of Turkish cigarettes on the market, and the inference is that the manufacturer was making an inquiry for his own use rather than for that of some one else. However, they do not inform us what they use it for and what they do with it. The manufacturers are a very close-mouthed bunch. I suppose they have to be. But they have repeatedly told me that they don't care where the tobacco is grown, but if we intend to grow in this country we will have to give it to them for the same price as the imported.

Senator Simmons. Do you know what they paid for the Turkish

tobacco in 1919?

Mr. Aram. We tried to get that information from the Department of Commerce through the assistance of the State Department. I have reports submitted by the various consular representatives in the various countries where these tobaccos come from. The statement was made this morning that these tobaccos cost, on the other side, 80 to 90 cents. I will say that in my negotiations with the manufacturers they stated to me that they did not see why they should buy California tobacco when they could get it from the other side, laid in bond, for from 15 to 30 cents.

Senator Simmons. 15 to 30 cents?

Mr. Aram. Yes, sir.

Senator McCumber. That is export?

Mr. Aram. Imported from Levantine countries.

Senator McCumber. Imported for the purpose of making cigarettes. Mr. Aram. Imported for the purpose of manufacturing in this country and selling it in this country.

Senator McCumber. At what price did you say?

Mr. Aram. 15 to 30 cents.

Senator La Follette. That is the price on the other side?

Mr. Aram. In other words, a man who has tobacco in the warehouse in New York City is willing to sell for that price.

Senator McCumber. After paying the duty?

Mr. Aram. Before paying the duty. I have here a letter from a man who has 500,000 pounds of the Turkish imported tobacco, and he is offering it, in this letter, for 35 cents a pound in New York City in bond. It is dated August 9, 1921, from Mr. M. H. Mathewsian, 517 Madison Avenue, New York City, as follows:

MY DEAR MR. ARAM: Under separate cover I am mailing you just a few samples of our tobacco. This tobacco came to New York on the steamship *Chesterville* and we have 2,500 bales approximately 500,000 pounds. We will sell it at 35 cents a pound ex warehouse New York. Should you be interested in this tobacco I will be pleased to give you inspection permit. Hoping to hear from you favorably, etc.

The question was raised this morning, Why is it that this industry has survived for 16 years and has increased in production and got along so well and now needs a tariff? I would like to give you the history of this industry in the State of California. This industry was started back in 1906 by a few men who had come to this country from Macedonia and Turkey, where they had been tobacco growers themselves. They took up the industry in San Juan Valley and made it a sort of side issue. Some of them had 1 or 2 acres of land that were not used for anything else and they put those acres in tobacco. That was done on the side. When the time came to sell the tobacco they sold it for whatever the manufacturers offered. No attempt was made to keep account of its cost. These men

reasoned something like this, "Last year we had \$5,000 for our olives, this year we have \$5,000 for our olives and have \$300 or \$400 for our tobacco besides." They considered the tobacco money all They never figured, however, on the cost of raising the tobacco because that was done in between times. That condition continued until about the year 1911. By 1911 it became generally known in California that this type of tobacco did best in certain soils which up to that time we did not know what to do with. It required light, loose soil; soil on the hillside. Now, it was at that time that good American farmers went into tobacco growing exclu-Of course, they kept books. When the crop came and was harvested, they discovered it did not bring within one-half the cost of production. The industry then began to decline. Then the war came along. Under war conditions we sold it as best we could. Production went on. As soon as the war stopped the imports from the other side came in and the industry dropped down.

I must state that if the coming tariff bill does not carry a protective duty on this tobacco, we are through with it. We can not do anything with it. I have a letter here that shows the situation we

face now.

FRESNO, CALIF., March 3, 1921.

FRED W. LINKS, Statistician, State Agricultural Society, Sacramento, Calif.

DEAR SIR: We have your favor of February 28, and note your desire to have an

article dealing with growing tobacco in this section.

Tobacco growing in the San Joaquin Valley has been practically abandoned because of unfavorable prices and the inability to market the crop grown two or three years

Any report that would be made would therefore be rather adverse, and we hesitate to compile it, unless you believe it should be included in the statistical report.

Yours, very truly,

FRESNO COUNTY CHAMBER OF COMMERCE. GUY E. LEONARD, Director of Publicity.

The tariff in the Fordney bill was computed on the basis of the cost of production here and the cost of production on the other side. It is less than what we asked for and we believe we should have, but we are willing to go to work on what the Fordney bill gives us. The cost of production over on the other side we secured, after careful examination, and through the consular reports, and so on. We are ready to submit to the committee also detailed cost of production, going into every item in connection with this tobacco. It is in our brief.

I should also answer the statement of the gentleman who spoke this morning, and who made it appear that the Ways and Means Committee levied a tariff on a product with no other showing than a written brief. That is not true, and the statement is not fair to the House committee. I could not be present during the public hearings before the Ways and Means Committee. I arrived a little too late. I put in our brief, which they referred to, and then the subcommittee on agriculture called me in and made me go over every statement and prove everything that was contended for. In fact, it was very thorough, and from my experience with the committee I wondered if every member of the committee came from the State of Missouri. We had to go very thoroughly into every statement and prove every statement that we made and give them all the facts in detail.

There is another question, and that is the question of quality. The gentleman who spoke here this morning said that this was not Turkish tobacco. Well, it is not Turkish tobacco; that is, it is not grown in Turkey. It is what is known as nicoteum rusticum. ish tobacco is not grown in Turkey alone; it is grown in Macedonia, Russia, Austria, Rumania, Greece, Palestine, Syria, Bulgaria, Italy, South Africa, United States, and in a number of other countries. In the Union of South Africa they began to cultivate this tobacco about 10 years ago. Now they have demonstration farms and an assistant to the director of agriculture in charge of tobacco exclusively. I will pass to the committee an advertisement in a London paper by the commissioner of the Union of South Africa urging Britishers to migrate to the Cape Colony and engage in farming Turkish tobacco. In Italy also they have been producing this tobacco for several years, and the Italian Director of Agriculture recently announced that the cultivation of Macedonian type tobaccos would be further extended, and that it was the intention of the Italian Government to be independent of imports from the Levantine countries. The question of quality in connection with our tobaccoes was never raised until after we organized our cooperative association and prepared to ask Congress for adequate protection. It was then that the manufacturers began to carry on a systematic propaganda against the quality of this tobacco. Here is a news item printed in the issue of August 29, 1918, of Tobacco, a trade journal published for the tobacco industry:

EUCCESS IN CALIFORNIA.

E. Constantine, a tobacco broker of San Francisco, visited the Chiflakos Bros.' plantation near Esparto, Yolo County, Calif. recently for the purpose of investigating the varieties and quality of the tobacco grown by Chiflakos Bros. After making a thorough examination Constantine declared the product to be of the very highest quality, and closed a contract for the purchase of the crop.

quality, and closed a contract for the purchase of the crop.

Constantine was enthusiastic over the possibilities of tobacco raising in the Yolo section, and is endeavoring to sign a contract with the Chiflakos brothers for the entire crop of 1.000 acres for next year. It is not known if the deal was closed, but it is practically assured that the Esparto growers will have in the neighborhood of 1,000 acres

in tobacco in 1919.

Senator REED. How much ground did you say is used in California in raising this Turkish tobacco?

Mr. Aram. Three thousand acres in 1919.

Senator REED. What is the total acreage of California?

Mr. Aram. I do not know, sir. I do not think I can answer that. Senator McCumber. Do you mean tillable land?

Senator Reed. Yes, tillable land.

Mr. Aram. I do not know. But in California we can raise the entire world consumption of this tobacco without using one acre of land that is fit for other crops.

Senator REED. How many acres in the United States are employed

in the tobacco business generally?

Mr. Aram. I do not know that, sir.

Mr. Dushkind. One million.

Senator Reed. How many people own these 3,000 acres of ground? Mr. Aram. We have a membership now of 300 farmers.

Senator REED. Three hundred farmers?

Mr. Aram. Yes, sir.

Senator REED. Then there are 300 farmers who, you say, are members?

Mr. Aram. Yes.

Senator REED. You mean 300 farmers who are engaged in the

business of raising Turkish tobacco?

Mr. Aram. No, sir; there are more than that. My association is comprised of 300 farmers. The reason that the other fellows are out is this: When American Tobacco Co. came out there they leased ground in the San Juan Valley. Naturally the thing centered around San Joaquin Valley

Senator REED. That is probably very interesting, but I want to

follow the line of questioning upon which I started.

Mr. Aram. That is just what I was coming to.

Senator Reed. How many people are there outside of your association ?

Mr. Aram. I have not the exact figures. Senator REED. Well, approximately.

Mr. Aram. Well, I should say about 100.

Senator REED. So that there are about 400 men engaged in raising the Turkish tobacco in California?

Mr. Aram. Yes; that is, 400 men who own the land and cultivate There are more than that engaged in the industry.

Senator REED. I am talking about the land owners.

Mr. Aram. Yes.

Senator REED. When you speak of others being engaged in the industry, do you mean mere employees who are engaged in picking tobacco and storing it?

Mr. Aram. Such men as are employed in the industry.

Senator Reed. How many men, all told, would you say are engaged in cultivating the 3,000 acres of ground to which you referred? I mean men employed in picking the tobacco, storing it in warehouses, and carrying it to market.

Mr. Aram. I do not think I could give you a very accurate answer

to that question.

Senator REED. Approximately.

Mr. Aram. I do not know.

Senator Reed. It does not average 10 acres apiece, does it? I suppose one man could come pretty near taking care of an acre.

Mr. Aram. He can not. In the busy season it would take about six men to an acre part of the time. At other times one man could handle it.

Senator REED. Would you say 6,000 people, taking the average

during the entire year?

Mr. Aram. It would take more than that. It would be nearer 9,000. Nine thousand would be a fair number employed; that is, from time to time.

Senator REED. About 9,000?

Mr. Aram. Yes.

Senator REED. During the entire year?

Mr. Aram. Yes, sir; employed from time to time. Senator Simmons. Working 3,000 acres?

Mr. Aram. Of course that is not the entire time.

Senator REED. I am asking you for the entire year.

Mr. Aram. That would be the average.

Senator REED. How much employment would be furnished constantly during the year on that average?

Mr. Aram. That would be the average number employed.

Senator REED. That would be the average. All right; we will say 9,000.

Mr. Aram. Yes.

Senator REED. How much Turkish tobacco do you raise—that is, what you call Turkish tobacco?

Mr. Aram. I, personally?

Senator Reed. Oh, no. I mean all of these people.

Mr. Aram. In 1919 we raised over one million and a half pounds.

Senator REED. One million five hundred thousand pounds?

Mr. Aram. Yes, sir.

Senator Smoot. What did you raise this last year?

Mr. Aram. I think about twenty or thirty thousand pounds.

Senator Smoot. How much?

Mr. Aram. About twenty or thirty thousand pounds, because we have not sold anything, including the 1919 crop.

Senator Smoot. What was the 1920 crop?

Mr. Aram. Seven hundred thousand.

Senator Reed. Seven hundred thousand pounds for 1920?

Mr. Aram. Yes, sir. Senator REED. That was last year?

Mr. Aram. Yes.

Senator REED. What is this tobacco worth per pound?

Mr. Aram. It is not worth anything now. The manufacturers say it is not, and only four or five buyers can buy. They say they do not

want it. It is not worth anything.

Senator REED. I do not want to take advantage of you, and you must not take advantage of me. You say that it is not worth anything. You mean by that there is no market. What is the market for it? It surely sells or something.

Mr. Aram. I suppose it would sell for something if any manufacturer came and made an offer for it, but we have no offers for it.

Senator Reed. It must not be of much account then.

Mr. Aram. It is not of much account to us unless it is sold.

Senator REED. Why isn't it of any account?

Mr. Aram. Because the manufacturer does not buy it. Senator REED. Why does he not wish to buy it?

Mr. Aram. Because he does not wish to see the industry continued in the United States, but principally because the American product costs more than the foreign product.

Senator Reed. The American manufacturer does not want to see good Turkish tobacco raised in this country, and so he will not buy it

at all.

Mr. Aram. That is exactly the case.

Senator REED. How are you going to make him buy it?

Mr. Aram. We are not going to make him buy it. Senator REED. Then how are you going to handle it?

Mr. Aram. All we want is a fighting chance so that the cost of production on the other side and on this side will be equalized.

Senator Reed. What is the difference in the cost of production of these 700,000 pounds? I have asked you the price. I believe you said you could not tell the price.

Mr. Aram. That tobacco costs, on the average, \$1.25 per pound—

some was more and some was less.

Senator Reed. The average was \$1.25?

Mr. Aram. Yes. Our brief gives the exact figures.

Senator REED. What does the Turkish tobacco shipped in here sell for?

Mr. Aram. There is no open market in the United States for this tobacco. The manufacturers maintain their own warehouses over there and do their own buying and importing through a sibsidiary company. Our consular reports show that the highest cost to the foreign farmer is 50 cents.

Senator REED. Fifty cents.

Mr. Aram. That is the highest, not the average.

Senator REED. What is the average?

Mr. Aram. I do not know. They have not given that to us.

Senator REED. Can you in any way approximate it?

Mr. Aram. I have no way of doing that, Senator. I have relied

for my information on the Department of Commerce.

Senator REED. You say 50 cents. Then it costs two and a half times as much to raise this tobacco here as it does to raise it abroad and ship it to the United States, pay the tariff and market it; that is the situation, is it?

Mr. Aram. Fifty cents is the cost to the farmer over there before

it comes here.

Senator REED. How much Turkish tobacco is consumed in the

United States?

Mr. Aram. Our importation amounts to—it varies from 25,000,000 to 35,000,000 pounds.

Senator REED. Twenty-five million.

Mr. Aram. Yes.

Senator REED. To 35,000,000 ?

Mr. Aram. Yes.

Senator Reed. Then 30,000,000 would be a fair average.

Mr. Aram. I presume so.

Senator Reed. We will take 30,000,000 for easy figuring. It comes in at 50 cents. You say it costs \$1.25 to raise this tobacco. You would want some profit on that, naturally. What would you say would be a fair selling price?

Mr. Aram. I suppose we would be satisfied with 10, 15, or 20 per cent. It all depends on market conditions and crop conditions.

Senator Reed. You would want to get at least \$1.50 a pound, would you not?

Mr. Aram. We would have to get a fair profit.

Senator REED. Very well; we will take \$1.50. Now, you want us to raise the price on the foreign tobacco from 50 cents on the 30,000,000 pounds, so that instead of selling at 50 cents, the highest price at which it would sell, it would be \$1.50, on the average. That is the price at which it would have to sell.

Mr. Aram. That is not quite right, Senator; 50 cents is not.

Senator REED. So that if you import 30,000,000 pounds of this tobacco, that would mean \$30,000,000 that would have to be paid by

the American consumer in order that you gentlemen might realize 25 cents a pound profit on 700,000 pounds, or \$175,000. You want us to tax the American people \$30,000,000 as a minimum in order that you may realize \$175,000.

Mr. Aram. That is not a fair statement, for this reason.

Senator Reed. I think it is absolutely fair.

Mr. Aram. I stated that the cost of production on the other side was a maximum of 50 cents a pound. There is no tobacco brought into this country and sold at such a figure, even before putting the tariff on it, which is now 35 cents a pound.

Senator REED. It is less than 50?

Mr. Aram. Sometimes it is less than 50, at the point of production, but only two or three manufacturers can get it at that price.

Senator REED. You said that was the highest.

Mr. Aram. That is the highest cost of production over there.

Senator Reed. I asked you for the cost of production abroad plus

shipping and plus tariff, and you said it was the highest price.

Mr. Aram. I have no information on shipping. I have information only from the Department of Commerce as to the actual cost of production. That is the highest figure. Some is less than that when the tobacco comes to this country and before the duty of 35 cents is paid. but when it goes to the independent manufacturer he can not get it at such a price.

Senator Reed. You certainly misunderstood my question, or I

failed to ask it clearly.

Mr. Aram. I am trying to understand it.

Senator Reed. The price of this tobacco after it has been shipped to this country and after it has been marketed is 50 cents, as I understood you to say. The market price, I understood you to say, was 50 cents.

Mr. Aram. That is not my statement. I said the cost of production on the other side was 50 cents for the highest figure. That is the actual cost of production to the farmer on the other side. I have no way of knowing what the transportation rates and the insurance charges, etc., are, because we are not engaged in the marketing or importing of foreign tobacco.

Senator REED. Then you did not understand my question.

Senator Smoot. Did I understand you to say that many of the independents could not buy the Turkish tobacco?

Mr. Aram. Not on the same terms as two or three manufacturers do. Senator Smoot. What difference does it make? Do you mean that there is a difference in the price or in the terms?

Mr. Aram. A difference in the price. It costs much more for the independent manufacturer to buy the Turkish tobacco than it does two or three of the large manufacturers.

Senator Smoot. Is your Turkish tobacco just as good as the Turkish tobacco that they import?

Mr. Aram. It is, sir.

Senator Smoot. Why don't they come to you to buy it, then?

Mr. Aram. They could not buy more than a bale a month.

Senator Smoot. Your independent manufacturers amount to nothing in the trade, then, do they?

Mr. ARAM. There are none.

Senator REED. Then why do you talk about independent manufac-

turers and large manufacturers?

Mr. Aram. That is one reason why they are not there. The supply is controlled and when they want it they have to pay heavy for it. When I spoke of independent manufacturers I meant that we have a great many men who make cigarettes by hand for private trade and for clubs, etc. They pay the highest prices. But their capacity is very small. We can not deliver one bale of tobacco to a manufacturer and support our industry.

Senator Smoot. No more than they get from Turkey?

Mr. Aram. They don't get from Turkey. They get it in New York from the importing subsidiary companies of the big five.

Senator REED. No more than they get from one of their factories?

Mr. Aram. I don't know about that.

Senator McLean. What is the tariff under the old law? Mr. Aram. It has been 35 cents, classed as filler tobacco.

Senator Smoot. That is unstemmed?

Mr. Aram. Unstemmed.

Senator McLean. That represents the duty up to the enactment

of the emergency tariff?

Mr. Aram. We are not in the emergency tariff. It is in the permanent tariff. We wish we were in the emergency. Our farmers are broke, including myself. We had to sell our house last summer because all we have is in tobacco and I had to come here to get this If the permanent tariff doesn't pass before long, there will be a good many farmers of my section, not only the tobacco growers, but others who will have to sell their houses or whatever they can to We have been at our wits' end to know how to raise money to pay the warehouse charges that have been coming due from month to month on the association tobacco. I went to the War Finance Corporation and arranged for a loan. They were very nice to me and wanted to help. According to the war finance law we had to get a valuation on our tobacco in New York warehouses and a New York banker undertook to get that valuation. This was only two months ago. I was sitting in that banker's office when he called up the big manufacturers right in my presence and asked them as to the market value of our tobacco. He was informed that it was not worth more than 15 cents and yet the manufacturer who made that statement was at that very time in negotiations with me trying to get our tobacco for 40 cents, but they would not make the offer in They knew we were hard pressed by a small bank in California and they also knew that it was only a matter of time that they could buy that tobacco at their own price. We could not get the valuation because there are only four or five companies in the United States who can buy tobacco in any quantities. That is where the farmers stand. I have a letter here from a bank in California that has loaned some money to the members of our association, and the loan has been due for two years. This bank is a good friend of the association, but they have gone as far as they can because all their money is tied up in agricultural products that is not selling. Here is a letter and I will let it tell its own story:

BANK OF ESPARTO, Esparto, Calif., July 7, 1921.

Mr. ALFRED ARAM,

Care of Congressman Curry, Washington, D. C.

DEAR SIR: I hate to write hard-luck stories, but I am going to beg of you to leave nothing undone to give us the relief that we are praying for, and that we so sorely need. It is a wonder that we keep open. If we could get the tobacco money, we would again find that life was worth living.

It is impossible to predict what will come to us if we have to wait much longer for

the relief that the sale of the tobacco will bring.

Very truly, yours,

M. O. WYATT, President.

As to how farmers are situated now I am going to insert another letter that brings the situation right up to date. That also tells the story without any further comment.

O'GORMAN, BATTLE & VANDIVER, New York City, December 2, 1921.

Alfred Aram, Esq., Hotel Ashton, New York City.

DEAR MR. ARAM: I have received word from Mr. Quinn to-day that he has received a letter from the Fresno Bank in answer to his letter in which they refuse to be guided by his suggestions and recommendations in the matter but direct him to enter judgment, issue execution to the sheriff, and have the tobacco levied upon and sold in the regular way. Under these circumstances of course Mr. Quinn is powerless to do anything but to follow out the directions which he has received.

I do not see anything that we can do under the circumstances, but I think you had

better come to see me as soon as possible, and we will talk the matter over.

Very truly, yours,

Addison A. Van Tine.

The money we owe to this bank is \$15,000, and the tobacco that they have ordered attached has cost our farmers over \$200,000 to grow, and we can't raise the \$15,000 to release our tobacco. I have gone into every bank that didn't have a lock on their door, but I found out that to borrow money from the banks now on agricultural products is impossible.

Senator McLean. The filler tariff is 35 cents?

Mr. Aram. That is the wrapper tobacco. We have nothing to do

with cigar tobacco. This is strictly cigarette tobacco.

Senator McLean. But you have been doing business under the rate of 35 cents a pound for the imported tobacco up to the present time, have you not?

Mr. Aram. We are under that now.

Senator McLean. Yes.

Mr. Aram. Yes.

Senator McLean. Before I go further I will ask you this: Has the price of the foreign product varied very much in the last year?

Mr. Aram. Do you mean the leaf tobacco?

Senator McLean. I mean the tobacco used for cigarettes. What

has been the effect of the war on that tobacco?

Mr. Aram. During the war the price was higher, but the manufacturers could not get much because of the absence of ships on the high seas. They grew the tobacco in China and it cost them very little.

Senator McLean. And since the war how has it been?

Mr. Aram. It has been very low.

Senator McLean. And in the meantime the price of cigarettes has doubled?

Mr. Aram. I suppose so.

Senator McLean. So the matter of the tariff has not affected the

consumer very much in this country?

Mr. Aram. No. It never has on any kind of smokes. If there is any saving the manufacturer keeps it. If there is any increase he passes it and more on to the consumer.

Senator McLean. The dealers have gotten their production at a

less price and they have doubled the price of the cigarettes.

Senator REED. Does the chart which you have there show that cigarette prices have been doubled?

Mr. Aram. I do not think they have been doubled.

Senator REED. They have been increased?

Mr. Aram. The price has been increased considerably.

Senator Smoot. Have they been increased in price since the increase in the revenue?

Mr. Aram. My understanding is that they have been increased. Yes; I believe the price is nearly double on some cigarettes. Senator Smoot. Since the increase of the revenue tax?

Senator McLean. I do not want to make any misstatement. Perhaps I exaggerated when I said the price had doubled. I do not know anything about that, but I assume that the price has increased with the increase in the price of other things.

Senator Simmons. I do not think it has kept abreast with the

increase in the price of cigars.

Mr. Parker. Some brands of cigarettes have increased in price. They increased in price when the tax came along. There was an increase in price for the packages of 20, but there has not been an increase since 1920, and the present tendency is downward. They have recently reduced the price.

Senator McLean. You stated this morning, I think, that the price of the cigarette filled with Turkish tobacco was 2 or 3 cents apiece,

as I understood you.

Mr. Parker. That is the Pall Mall and the high-grade Egyptian Deities.

Senator McLean. Yes.

Mr. PARKER. The price of the Pall Mall has not been increased in 10 years. It was 25 cents to the consumer for a package of 10. In some stores they sell for 30 cents for a package of 10 but, generally speaking, they sell for 25 cents.

Senator REED. How much increase was made in the tax?

Mr. Parker. From \$1.25 to \$3.

Senator McLean. That is 3 mills to the cigarette.

Mr. Parker. But there was no increase made in that price.

Senator McLean. The price of the cigarette is, at the present time, from 2.5 to 3 cents apiece?

Mr. Parker. Yes; and always has been.

Senator Reed. Let us take the Camel, the real cirgarette. does that cost?

Mr. PARKER. Twenty for 10 cents. The tax was increased from \$1.25 to \$3. The Virginia and the Burley tobaccos all went up. At one time they reached a point of 20 cents to the consumer.

The manufacturers of Camels have comparatively recently made

reductions.

With the lowering of the cost of tobacco, the American Tobacco Co. got out 20 for 15 cents. The Lorillard Tobacco Co. has gotten out a brand that goes to the consumer for 20 for 15 cents. The advance reached its peak in 1918 and during 1921 it has been on the decline.

Senator REED. What have you to say about these people in California who say that the large dealers will not buy that California tobacco?

Mr. Parker. There is no justification for it. It may be true that large manufacturers having an organization in Turkey can save something on their tobacco. But these organizations are separate competing organizations. The American Tobacco Co. buys some through its own organization and picks up some through importers, but there is no suggestion of any condition that I know of where any manufacturer has any motive or purpose except to get the raw

material that will suit his brand as well as he can get it.

Mr. Aram. It was stated this morning that the manufacturers tried to raise this tobacco in different States and they became convinced that the tobacco could not be grown in California. fact that they went to Colorado to raise it as the manufacturers' representative stated this morning indictates that they know nothing about growing tobacco. High humidity, even temperature and fog at night are prime essentials for the growing of this tobacco, and if Colorado boasts these characteristics of climate it has escaped our attention. The manufacturers went out there and encouraged the industry as long as it was grown as a side issue and the farmers, as I said awhile ago, were willing to sell it for whatever they offered it. The policy of the manufacturers changed and they then opposed the progress of this industry in California, as Mr. Parker stated and he was correct—in about 1910. Now that change was brought about in this way. In about 1909 or 1910 the United States Government began to take a lively interest in the doings of the manufacturers, and it was decided that with the establishment of this industry in California it would not be quite to their liking that there should be a source of the raw product which would be open to any one and where any one could get it on equal terms. It would never do to give the small manufacturer a chance. As to quality I don't believe there has ever been any industry in the United States, be it agricultural or industrial, producing a competing article with a foreign article but what the interests making money on imports have come down here to Congress and raised a question of quality. A few years ago they said it was impossible to grow long staple cotton in Arizona. Well, they are not only growing long staple cotton in Arizona, but they are growing a better cotton than the imported, and it may interest this committee that the last United States Census report shows that the State of Arizona is showing a greater percentage of increase in population than any other State in the Union. If you go down the Salt River Valley of Arizona and see the transformation they have worked out of the dry desert you will easily understand how this increase of population came about. If it had been left to the gentleman interested in cheap imported cotton, Salt River Valley would still be a desert. In 1904 the United States Department of Agriculture published a report based on the Paris exposition of tobacco.

Mr. Marcus Floyd, who is now engaged in the production of wrapper tobacco, represented the United States Department of Agriculture at that exposition. In that report the department urged that the United States should ultimately become independent of all foreign tobaccos and that there was no reason whatsoever why we should not go to work and produce all the different kinds of tobacco that are grown anywhere in the world. Did the Department of Agriculture or the Congress of the United States suppose for a moment that we could grow these various kinds of tobaccos without a protective We have gone to work and produced this so-called "Turkish" The manu-We have an industry that must be protected. facturers come along and oppose the tariff that is already written in the bill. What have the manufacturers ever done to promote any branch of the tobacco industry? What have they done for the tobacco industry in the South? What have they done for the consumers, except to exploit them and charge them all they can, giving as little as they can? Gentlemen, there is nothing to this talk about quality. If there is any such question in the minds of the members of this committee, the California farmers will submit their tobacco to any fair test that the committee may suggest.

It was said awhile ago that on these 700,000 pounds of tobacco we want to raise a tax of \$30,000,000 or so on the American public, although the Senator raising the question misunderstood my statement on the cost of production in the Levant and followed an erroneous method of computing. I wish to state this, that we are not trying to raise the taxes on the public. We want adequate tariff protection and we can raise all the tobacco that the United States can consume of that type. As to raising the taxes on the smoker, there is about 10 per cent of Turkish tobacco in the average blended cigarette. We know that. If there is more than 10 per cent, there

is no import figure shown for the amount needed.

If we distribute this \$1 per pound on the amount of tobacco used in the average blended cigarette, the increase, if it is to pass on to the consumer, would amount to thirty-two one hundredths of a cent per package of 20 blended cigarettes. But, giving a protective tariff to this tobacco is not going to mean an increase to the consumer unless the manufacturer wishes it so. Tariff and taxes have no effect on the consumer provided there is competition in manufacturing and distribution. What the tobacco growers and the consumers of this country need is real competition among the manufacturers. There are three individuals in this country who are interested in the manufacture and distribution of tobacco products. They are known as the "tobacco triplets." If some day they should go on a vacation without leaving their forwarding address the manufacturers and the distributing agencies of tobacco products in the United States would not know where to report to their chiefs.

We have made several investigations with the collaboration of

several of our consuls in foreign countries.

In England the consumer buys a cigarette made entirely of Virginia tobacco which is shipped out of this country. The British manufacturer pays freight, insurance, and so on, and pays a very high duty, which is much higher than that in the United States, and yet the cigarette sells for practically the same price that the American

consumer pays for it in this country. Competition in England keeps

the price down in spite of very high taxes.

There has been considerable talk about taxes being high on the tobacco industry in the United States. On investigation we found that the American smoker is taxed less on his tobacco and gets less for his money than the people in any other civilized country where tobacco is not a Government monopoly, and as to the farmers who produce the tobacco, they are dependent on what the manufacturer may wish to pay them.

Here is a statement that appeared in the Wall Street Journal:

MANUFACTURERS ACCUMULATE CASH.

As a result of lower leaf prices, cigarette manufacturers are accumulating large quantities of cash. It is officially estimated that one of the big manufacturers purchased its supply of tobacco at something like \$20,000,000 less than it cost in 1919. This figure exceeds the manufacturing profit of any cigarette concern last year and is nearly 45 per cent of the profits of the five most important manufacturers.

These \$20,000,000 represent money that belonged to the farmers, money that the manufacturer should have paid and did not pay to

the farmer. Did any of it pass on to the consumer?

If this increase in tariff is going to mean an increase to the consumer, how is it to be explained that in England, where the taxes are nearly 100 per cent higher than in the United States, the consumer pays practically the same price or less? With respect to some of the American brands which are manufactured and sold in this country and also manufactured and sold in England after paying the 100 per cent higher tariff, the Englishman pays 1 cent less per package of cigarettes than the man in this country.

Senator LA FOLLETTE. On an American cigarette?

Mr. Aram. Cigarettes manufactured in England by the American tobacco companies, and same identical brand sold here and in

England.

I have telegrams in my pocket from our consuls. I also got information on the various brands in question from the manufacturers themselves. For instance, on one brand of cigarettes, I went to the export manager of that particular cigarette and asked him what it sold for in England.

Senator Warson. What is the name?

Mr. Aram. Melachrino, but it holds true for Pall Mall and Philip Morris cigarettes, also, in spite of the fact that the manufacturer pays twice as much in taxes in England, the Englishman pays 1 cent less for his package of 10 of these cigarettes than we pay here.

Senator REED. What is the ordinary Government revenue on

cigarettes?

Mr. Aram. What kind of cigarettes?

Senator REED. Take those cigarettes made in this country. Mr. Aram. You mean on tobacco grown in this country?

Senator REED. Yes.

Mr. Aram. \$3 per thousand internal revenue.

Senator REED. Then there is a stamp?

Mr. Aram. In addition to the \$3 revenue there is an import duty if the cigarette is made of imported leaf, but on cigarettes made of American grown tobacco \$3 covers everything. The total Government tax in the United States on cigarettes made of all imported

Turkish tobacco is \$4.31 per thousand. In England the same cigarette pays a tax of over \$7.35 per thousand.

Senator REED. The import tax.

Mr. Aram. In England there is no tobacco produced and there is no internal revenue. All the tax is taken at the customs house. Senator REED. And they sell for less there?

Mr. Aram. For 1 cent less than in America. That is the manufacturer's statement to me.

Senator REED. That is retail?

Mr. Aram. Yes, sir.

Senator Reed. Perhaps the merchant sells at a less profit?

Mr. Aram. I do not know what his profit is, but in the United States the manufacturers control the arteries of distribution also through large chain store systems, and the manufacturers themselves tell me that the cost of distribution in the United States is less than They have things just where they want in this in other countries. country. As to comparative prices here and in England I have charts here which I will pass for the record. It shows a comparison of taxes on tobacco in the United States, Canada and England.

It shows that cigarettes made of good Virginia tobacco retail in England at \$10 per thousand after paying British taxes of \$4.90 per thousand, while the same cigarette retails in this country for \$10 per thousand, paying to the United States Government total taxes of \$3 per thousand, in spite of the fact that the tobacco is grown at the very doorsteps of the American factories while the English manufacturers must pay ocean transportation, insurance, etc. It is also interesting that some of the cigarettes sold in England are manu-There was somefactured by subsidiaries of American companies. thing said this morning about this tariff on Turkish tobacco injuring the tobacco farmers of the South. It was attempted to show that the consumption of southern tobaccos depended on the use of Turkish tobacco to be blended in. It would be interesting to have the manufacturers show the exact percentage of the Turkish tobacco contained in some of the largest selling blended cigarettes. I have been a tobacco man all my life and I know that there is no cigarette more delightful and tasty than good ripe Virginia and Burley cigarettes. The manufacturers put that kind of cigarette on the market in England and other countries, but in the United States they mix it with "57 varieties" of artificial flavoring. They have good reason for doing that—that is, good reasons that suit their purpose. That, also, will have to be looked into one of these days, but as to the interests of the southern tobacco growers it is nothing short of preposterous that the American manufacturers of cigarettes should undertake to speak for the tobacco farmer. What the tobacco growers—growers of any kind of tobacco—in this country need is real competition in manufacturing. The speaker for the manufacturers stated this morning that the marketing of so-called blended cigarettes started in about 1912. He was right. What brought that about? Did the American smoking public get up all of a sudden out of a clear sky and demand blended cigarettes? Both the smokers and the manufacturers seemed to be getting along very well with straight southerntobacco cigarettes.

In examining any condition or question in connection with the tobacco industry in the United States anything that happened within

the years of 1910 and 1912 bears looking into very closely. That was the time when the United States Government took a lively interest in the activities of these manufacturers which culminated in a dissolution order of the United States Supreme Court in 1911. The manufacturers artificially forced the demand for the so-called blended cigarettes because they felt that if the Government of the United States continues its interest in the tobacco situation, the United States being the largest tobacco producing country, manufacturing would soon become an open game. Then they started to concentrate and create a demand for the so-called blended cigarette. since they control the importation of these Turkish tobaccoes they felt that would give them some measure of protection against manufacturing competition. The manufacturer's opposition to this tariff on Turkish tobacco is explained by these facts.

Senator Reed. May I interrupt you now and ask you another

question?

Mr. Aram. Yes.

Senator REED. You said there were 9,000 people employed, on the average, in this industry?

Mr. Aram. Yes; in 1919.

Senator REED. And they raised 700,000 pounds of tobacco last

Mr. Aram. Yes, sir; but the 700,000 production did not require That was for 1919, when the production was over 9,000 people. 1,500,000 pounds.

Senator REED. Which you say cost you \$1.25. That would be

\$874,000. How would you pay 9,000 men with \$874,000 ?

Mr. Aram. How would I pay them?

Senator Reed. Yes. How would you pay 9,000 men working at, say, \$1 per day. That would not pay their wages at \$1 per day.

Mr. Aram. I do not know what these men received, but we did not have 9,000 men engaged in 1920. Our association is conducted in this way: Our farmers raise tobacco under the direction of the association as to the method of production. The tobacco is taken to the association's warehouses, and a man goes to New York to try to sell it as best he can, and they are paid pro rata on what they get. In the last three years they have not received anything.

Senator Reed. I do not think they have that many men because

it would not pay them.

Mr. Aram. The cultivation of tobacco requires a great many men. But the 1920 production of 700,000 pounds did not require 9,000 That was for 1919, when we produced over 1,500,000 pounds, and most of these employees are part time only.

Senator REED. May I ask you another question?

Mr. Aram. Yes.

Senator REED. You spoke of 3,000 acres of land. Where does that land lie?

Mr. Aram. Do you mean the exact location?

Senator REED. Generally speaking. Is it scattered all over the State of California?

Mr. Aram. Yes, sir.

Senator REED. Is it rich land?

Mr. Aram. It is not. It is not grown on rich land.

Senator REED. It is poor land?

Mr. Aram. Yes, sir.

Senator REED. Then there are 300 farmers who, you say, are members?

Mr. Aram. Yes.

Senator REED. You mean 300 farmers who are engaged in the

business of raising Turkish tobacco?

Mr. Aram. No, sir; there are more than that. My association is comprised of 300 farmers. The reason that the other fellows are out is this: When American Tobacco Co. came out there they leased ground in the San Juan Valley. Naturally the thing centered around San Joaquin Valley—

Senator REED. That is probably very interesting, but I want to

follow the line of questioning upon which I started.

Mr. Aram. That is just what I was coming to.

Senator REED. How many people are there outside of your association?

Mr. Aram. I have not the exact figures. Senator Reed. Well, approximately.

Mr. ARAM. Well, I should say about 100.

Senator REED. So that there are about 400 men engaged in raising the Turkish tobacco in California?

Mr. Aram. Yes; that is, 400 men who own the land and cultivate it. There are more than that engaged in the industry.

Senator REED. I am talking about the land owners.

Mr. Aram. Yes.

Senator REED. When you speak of others being engaged in the industry, do you mean mere employees who are engaged in picking tobacco and storing it?

Mr. Aram. Such men as are employed in the industry.

Senator Reed. How many men, all told, would you say are engaged in cultivating the 3,000 acres of ground to which you referred? I mean men employed in picking the tobacco, storing it in warehouses, and carrying it to market.

Mr. Aram. I do not think I could give you a very accurate answer

to that question.

Senator REED. Approximately.

Mr. Aram. I do not know.

Senator REED. It does not average 10 acres apiece, does it? I suppose one man could come pretty near taking care of an acre.

Mr. Aram. He can not. In the busy season it would take about six men to an acre part of the time. At other times one man could handle it.

Senator REED. Would you say 6,000 people, taking the average

during the entire year?

Mr. Aram. It would take more than that. It would be nearer 9,000. Nine thousand would be a fair number employed; that is, from time to time.

Senator REED. About 9,000?

Mr. Aram. Yes.

Senator Reed. During the entire year?

Mr. Aram. Yes, sir; employed from time to time.

Senator Simmons. Working 3,000 acres?

Mr. Aram. Of course that is not the entire time.

Senator REED. I am asking you for the entire year.

Mr. Aram. That would be the average.

Senator REED. How much employment would be furnished constantly during the year on that average?

Mr. Aram. That would be the average number employed.

Senator REED. That would be the average. All right; we will say 9.000.

Mr. Aram. Yes.

Senator REED. How much Turkish tobacco do you raise—that is, what you call Turkish tobacco?

Mr. Aram. I, personally?

Senator REED. Oh, no. I mean all of these people.

Mr. Aram. In 1919 we raised over one million and a half pounds.

Senator Reed. One million five hundred thousand pounds?

Mr. Aram. Yes, sir.

Senator Smoot. What did you raise this last year?

Mr. Aram. I think about twenty or thirty thousand pounds.

Senator Smoot. How much?

Mr. Aram. About twenty or thirty thousand pounds, because we have not sold anything, including the 1919 crop.

Senator Smoot. What was the 1920 crop?

Mr. Aram. Seven hundred thousand.

Senator Reed. Seven hundred thousand pounds for 1920?

Mr. Aram. Yes, sir.

Senator REED. That was last year?

Mr. Aram. Yes.

Senator REED. What is this tobacco worth per pound?

Mr. Aram. It is not worth anything now. The manufacturers say it is not, and only four or five buyers can buy. They say they do not

want it. It is not worth anything.

Senator REED. I do not want to take advantage of you, and you must not take advantage of me. You say that it is not worth anything. You mean by that there is no market. What is the market for it? It surely sells or something.

Mr. Aram. I suppose it would sell for something if any manufacturer came and made an offer for it, but we have no offers for it.

Senator REED. It must not be of much account then.

Mr. Aram. It is not of much account to us unless it is sold.

Senator REED. Why isn't it of any account?

Mr. Aram. Because the manufacturer does not buy it.

Senator REED. Why does he not wish to buy it?

Mr. Aram. Because he does not wish to see the industry continued in the United States, but principally because the American product costs more than the foreign product.

Senator REED. The American manufacturer does not want to see good Turkish tobacco raised in this country, and so he will not buy it

at all.

Mr. Aram. That is exactly the case.

Senator Reed. How are you going to make him buy it?

Mr. Aram. We are not going to make him buy it. Senator REED. Then how are you going to handle it?

Mr. Aram. All we want is a fighting chance so that the cost of production on the other side and on this side will be equalized.

before Congress and state without blushing that they went out to California to try to develop the industry.

Senator McCumber. You have had 12 years since then to demon-

strate that.

Mr. Aram. As to the quality, we are perfectly willing to get samples of both imported and domestic-grown tobacco and make any test to satisfy this committee, if any doubt exists.

Senator McCumber. You think that any smoker who would use it

for a month could not tell the difference?

Mr. Aram. There is no smoker in the country who can tell the difference. The manufacturer himself can not tell it. I have tried it on them.

Senator McCumber. Then why is it they can not sell it for as good a price, if they can make a cigarette that the smoker can not tell?

Mr. Aram. That is, the American-grown tobacco?

Senator McCumber. Yes.

Mr. Aram. They can and they have used it, but the domestic product cost more than the imported. They would lose money if they used our tobacco, especially now when the imported article is going around begging for a buyer. The question of quality that the manufacturers have raised is not sincere. It is a question of the domestic costing more than the imported and also of encouraging a source of supply which they can not control.

Senator McCumber. With a great many it seems to be a question whether or not it will measure up in quality with the Turkish to-

Mr. Aram. We will dispose of that question by the method that I

spoke of.

Senator McCumber. That would be to your satisfaction, but can

you satisfy the buying public with that?

Mr. Aram. I do not think the buying public can tell the difference between third rate and first rate Turkish tobacco, to say nothing of tobacco of the same quality. It is the manufacturer who says that this is not Turkish tobacco; in other words, the manufacturer wants to be judge, jury, and prosecuting attorney all at once. As to sarisfying the public we may yet go into manufacturing, and the public will give its verdict soon enough. About two months ago l made a few hundred cigarettes by hand. It was from tobacco that the Association has in New York warehouses. I gave some of these cigarettes to Congressman Free of California. A few days after that he was in a banquet in Chicago and passed one of these cigarettes to the gentleman sitting next to him. He happened to be a fastidious Turkish cigarette smoker and immediately inquired of Mr. Free as to where he could buy these cigarettes. There is nothing in this talk of the manufacturers about the quality. They were after it

hard enough when they could get it on their own terms.

Senator McCumber. Your position is then, as I understand it. that these manufacturers, these large manufacturers, who can afford to buy in large quantities, are refusing to buy your product simply in order to destroy the business; that they really think it is just as good as the other, but they do not desire to purchase it, but want

to drive you out of the market? Mr. Aram. Not necessarily.

Senator McCumber. Then why don't they buy it, if it is just as

good?

Mr. Aram. We can not sell it for the same price that the imported leaf costs them. If we did that, we would have to get out of business. We can not do it for the same price. So far as the manufacturer is concerned, if I were the manufacturer, I would not buy the American-grown Turkish tobacco and pay more for it, if I could get the imported article for less.

Senator McCumber. You say that the imported article, without

paying duty, will cost 50 cents?

Mr. Aram. More than that.

Senator McCumber. What will be the average?

Mr. ARAM. I can not say.

Senator McCumber. Well, we will say 75 cents. Then you would have to add 35 cents duty?

Mr. Aram. Yes.

Senator McCumber. That would make \$1.10.

Mr. Aram. Yes.

Senator McCumber. If you get \$1.10 can you make money? Mr. Aram. No, sir; it would be below the cost of production.

Senator REED. Let me ask again the last part of Senator Watson's question. You say that the American Tobacco combination, or the big manufacturers—I will refer to them by the most offensive name I can think of—will not buy your tobacco although it has gone down to nothing, and the reason they will not buy your tobacco is that they want to put you out of business?

Mr. Aram. Not necessarily; I did not say that. Our tobacco

has not gone down to nothing. We insist on a fair price.

Senator REED. That is the way I understood it. Now, suppose you put \$1 per pound tariff on it. They are still actuated by that same motive. How are you going to make them buy your tobacco? Why wouldn't they buy the foreign tobacco, as they do now, and refuse to buy your tobacco and charge the American consumer a little

more for the cigarettes?

Mr. Aram. The question as to California tobacco—that is, as to whether they would buy or not—came when they realized that our tobacco was costing more than the imported product, and they got wind of the fact that we wanted a tariff. What they wanted to prevent, and what they have tried to bring about for several years, is that we should have no industry to talk about and ask protection for. As soon as we have a tariff for protection and the cost in this country and the cost on the other side is equalized, then we can sell. They will buy it. Capital has no country and no favorites. There is nothing personal in the manufacturers' attitude. But let us assume that even after the costs here and abroad have been equalized, they will not buy. We consume over 55,000,000,000 cigarettes a year in this country. About 85 per cent of that consumption is represented by the so-called blended cigarettes. Why is there not one manufacturer outside of the big five making blended cigarettes?

The reason is, when an independent operates on a scale where he needs large quantities of Turkish tobacco he gets into hot water. The supply is controlled. If the manufacturer is sufficiently short-

sighted—which I don't believe he is—not to buy the domestic leaf when it can be given to him at an advantage over the imported, through better quality, grading, etc., he will be exposing himself to competition in the manufacturing field. I look to see the time when the tobacco farmers' cooperatives will follow their product from field to consumer, giving a fair smoke at a fair price. So, once you equalize the cost here and abroad, you can trust the American farmer to fight his battles. Tobacco growers' cooperatives selling their own manufactured brands and telling the public why they were driven to manufacture will make mighty good reading, and I don't believe the present manufacturing interests have any stomach for it. I believe, however, that is coming in spite of what they may do. It will be the first time the American public will get an honest smoke at a fair price. There is too much advertising humbug and not enough value given in the tobacco business as it is conducted now.

Senator REED. You say that the little fellow is not buying, and

the big fellow will not buy?

Mr. Aram. They will later on. We can not live on the little fellow's business.

Senator REED. Why not to-day?

Mr. Aram. Because now we can not sell in competition with the imported leaf; when we have a protective tariff, it will be a different

story.

Senator Reed. Let me read these figures to you: In 1918 you raised 870,000 pounds; in 1919, 1,525,000 pounds; in 1920, 700,000 pounds; and in 1921, 40,000 pounds. Now, if this conspiracy exists to put you out of business, and they will not buy your tobacco at all, and you put a \$1 a pound tariff on it, how are you going to make

them buy?

Mr. Aram. We are not going to force anybody to buy our products. I believe I tried to make it clear a while ago. The reason that they have held back for the last three years from buying is that the imported leaf is much cheaper, and also they knew we were trying to investigate the cost of the product on the other side and the cost of our product, and we were getting ready to come before a Republican Congress for protection. When the protection is given that will vanish.

Senator REED. Three years ago? Mr. Aram. We began three years ago.

Senator REED. And you foresaw a Republican Congress. You did not know three years ago we were going to have one, did you?

Mr. Aram. We were quite sure we were going to have one before

long.

Senator REED. You had better get filled up this time because you are not going to have one next year. [Laughter.]

Mr. Aram. We will roll up a majority in California, any way. The

farmers are protective tariff Republicans.

Senator McLean. How many pounds of tobacco does it take to make a thousand cigarettes?

Mr. Aram. Three pounds.

Senator McLean. So that a dollar a pound for the cost of the tobacco in the cigarette would amount to 3 mills for the cigarette?

Mr. Aram. I have a letter here from the Tobacco Products Corporation, signed by James A. Dixon, in which he says:

We are able to buy tobaccos that are equally as good tobacco in quality as the California tobaccos, of the 1913 crop, at 21 cents per round f. o. b. shipping point; this with the duty and expenses added brings the cost of same considerably below that which you state the best of your tobacco has cost to produce, and we are therefore unable to consider entertaining any proposistion to purchase these California tobaccos at a price such as you mention.

Senator REED. What is the date of that letter?

Mr. Aram. February 18, 1918.

Senator Smoot. That is Colorado tobacco?

Mr. Aram. California tobacco.

I have another letter from the Melachrino Co., dated New York, November 10, 1916, in which it states as follows:

Your samples of California tobacco received a few days ago. We have examined same thoroughly and have also smoked cigarettes from this tobacco, but hardly think that we will be interested at the prices quoted in your telegram.

This is the Melachrino Co., making one of the highest grade Turkish You will note that they state they have smoked the tobacco, but there is no objection or even mention of anything about quality. The contention has always been and is now on the price, because we have not been able and we can not now sell the Americangrown tobacco for the same price that the farmer on the other side

Senator LA FOLLETTE. Will you select from your material there all the letters that bear upon this subject—the telegrams and pamphlets, etc., that you have referred to?

Mr. Aram. Yes, sir.

Senator LA FOLLETTE. And the charts that you have made?

Mr. Aram. Yes, sir.

Senator La Follette. And pass them to the reporter and let them be made a part of your statement?

Mr. Aram. I will do that.

Senator Reed. You say you have an association of 300 members? Mr. Aram. Yes, sir.

Senator REED. Do you market everything through that association ?

Mr. Aram. Yes, sir.

Senator REED. Why?

Mr. Aram. For self-defense.

Senator REED. That is what Germany said when she built up her

Mr. Aram. I do not know any better way of selling products than through the association. We tried the other way.

Senator LA Follette. You sell your product just as the California fruit producers sell their products?

Mr. Aram. Yes, sir.
Senator Reed. You do that so that you can keep the price up, do you not?

Mr. Aram. No, sir.

Senator REED. To keep it down, I suppose?

Mr. Aram. No, sir. We keep the cost of production down.

Senator REED. The cost of production?

Mr. Aram. Yes.

Senator Reed. Doesn't each individual raise his own crop?

Mr. Aram. Each individual raises his crop and manipulates it to a certain point. After that, instead of each individual doing the curing, grading, etc., we do that through the central warehouse, which makes it cost less and also insures an impartial grading. It insures shipping in car lots and every advantage to lower overhead.

Senator REED. All right. When you get it in that shape all the tobacco of all the members of the association has to be marketed

through one agency, does it not?

Mr. Aram. Through the board of directors of the association. Senator REED. You have all the growers of this character of tobacco in that association, have you not?

Mr. Aram. Yes, sir. Senator Reed. You expect to get them all, don't you?

Mr. Aram. Not all.

Senator Reed. Substantially all? Mr. Aram. Yes; substantially all.

Senator REED. I am talking about them generally.. So, if we put

on this tariff and shut out the foreign tobacco-

Mr. Aram (interposing). We are not going to shut it out. protective tariff on wrapper leaf has not shut out imports. There is more imported now than there was before the tariff. I will submit a carefully prepared chart on that subject for the record.

Senator Reed (continuing). There will be but one seller of your

tobacco in the United States, and that will be your association?

Mr. Aram. Yes. That may be.

Senator REED. That will be a good thing for you.

Mr. Aram. My best answer to that is that the results of cooperative marketing of farm products throughout the United States is to the advantage of every one. The cooperation is not for the purpose of holding up the public or the purchaser. It insures quality, grading, etc., and it also protects the farmer against the manufacturer who has shown that he knows how to take advantage of the unorganized producer.

Senator REED. And also prices.

Mr. Aram. Of course, we have got to get back our money.

Senator REED. You know that your literature is full of representations to your members that by joining this association they can get better prices.

Mr. Aram. If we can grade better-

Senator Reed (interposing). I did not ask you that. I asked you if your literature is not full of statements to the effect that you can get better prices by joining the association?

Mr. Aram. If the individual farmer dealt by himself, he would have to sell at the purchaser's price, and the consumer does not get the

benefit.

Senator REED. And you don't intend to do that?

Mr. Aram. My answer to that is that I have a letter written to each individual grower to the effect that the policy of the association will be as follows: We will compute the exact cost of growing and marketing and we will then charge so many per cent for profit, and so on. I can produce that letter. Only yesterday the President of the United States urged in his message to Congress that the farmers cooperatives further extend their activities. The cooperative prin-

ciple as it has been demonstrated in this country is not on the defensive. It needs no apology.

Senator REED. That is what the Steel Trust does, too. Senator LA FOLLETTE. You have to deal with powerful interests,

do you not?

Mr. Aram. Yes. In our case at least we have to deal with industrial imperialists. I have an editorial here which appeared in Forbe's Magazine of January, 1921. It says, in part:

The unhappy truth is that several of the most powerful tobacco leaders are men of none too admirable type. They are a callous, heard-hearted, mercenary, money-grabbing lot, given to questionable operations to line their pocketbooks. It would be very salutary if the Department of Justice were to unearth a conspiracy to fix absurdly low prices for the growers' crops and then throw a few of the conspirators into jail.

The manufacturing group not only cooperates, but conspires also. Senator REED. You would be a trust in absolute control of this particular tobacco if you could shut the foreign tobacco out and compel the consumers or manufacturers of tobacco to look alone to your single association. You would have every element of a monopoly, wouldn't you?
Senator McLean. The American Tobacco Co. made 20 per cent on

its common stock last year. That was pretty good considering business conditions. It is your idea, is it, that the farmer should

have 10 or 15 per cent profit?

Mr. Aram. Fifteen per cent above the actual cost of production, or whatever will be a fair profit to compensate the farmer for his work.

Senator REED. I do not hold a brief for the American Tobacco Co. I have said some mean things about them. I shall probably have some more mean things to say in the future. I am not in favor of enabling one monopoly to build itself up because an old one exists. You have said that you intend to draw into your association these men and-

Mr. Aram. We have them now.

Senator Reed. And you have a single selling agency?

Mr. Aram. Yes.

Senator REED. You want to put up the tariff so that the manu-

facturer of tobacco has to buy your tobacco?

Mr. Aram. We want the tariff so that when the imported product is laid down in New York and the American product is laid down in New York thay will both have an equal chance, then let the two Now we have no show. But, if you want to know what the farmers are thinking about, let me say that I have already taken some action in getting in touch with other growers of tobacco and if we can bring it about it is our intention to have the farmers' cooperatives sell direct to the consumer. As to the kind of literature we send out and what we are trying to do I will pass a letter into the records which will show our attitude on that subject:

August 19, 1921.

Hon. Frank Park, M. C.,

House of Representatives, Washington D. C.

MY DEAR JUDGE PARK: A few days ago you spoke of the problems confronting the tobacco growers of the United States. I agree with you that the situation is intolerable both from the standpoint of producer and consumer. However, if we are to

apply the proper remedy, we must know the exact causes responsible for the present

The tobacco grower is the starting point of the entire tobacco industry from field to consumer. He is the king pin. Without him there would be no tobacco industry. This being true, it follows that no branch of the industry has any right to exact a profit unless the man who produced the tobacco has received fair compensation for his labor and a fair profit on his product. In other words, if there is any profit in the tobacco industry, the farmer has first lien on it to the extent of his just share.

The manufacturers deny this fundamental proposition of sound economics. In-

And this is just what alies the industry to-day.

Democracy is the antidote for autocracy. And the remedy for the present situation is more democracy in the industry all along the line from producer to consumer.

We have tried investigations, and we have had dissolution. You can not legislate the spirit of fair play and honorable dealing into a man, trained in the school of avarice. Perhaps this was what Mr. Justice Harlan of the Supreme Court had in mind when he

said:
"I confess my inability to find, in the history of this combination (the tobacco the mischievous elements that compose the present combination, which, together with its component parts, have, without ceasing, pursued the vicious methods pointed out by the court.

I am not a lawyer. To what extent the letter and spirit of the dissolution order is being obeyed I can not say. I don't know that it is important. The thing that interests me is this: The man who produces the tobacco is not getting fair returns. The man who consumes the tobacco is being exploited and is not getting quality.

The farmers and the consumers may not be able to explain the chemistry of rain, but it is a dead-sure shot they all know when they get wet. Why not come in out of

the rain?

Why go on with a system that has been tried and found wanting and is getting

worse every year?
We have the tobacco and we have the capital. Why not follow our product from fall to the factory and to the consumer? There is not a smoker in the country who does not know that he is not getting what he pays for.

If the farmers will manufacture their tobacco, giving the consumer fair goods at fair

prices and tell the public why it was necessary for them to do this, they can forget

the tobacco barons.

This is the only solution I can see and I agree with you that the first step toward this cooperative effort of the farmers is to call a meeting of representatives of the various tobacco growers of the country.

Let us forget the manufacturers and do some constructive thinking of our own. It may be that for the present the manufacturers have a monopoly of this industry. I am willing to concede that point to them. But they have no monopoly on brains, energy,

vision, and capital. And since we produce the tobacco that is all we need.

As to our fight for a fair tariff on Turkish type tobacco, the manufacturers know that the tariff we got from the Ways and Means Committee does not mean an increase on the imported leaf to them. However, they are now in Washington, the entire tribe of them, with a few high-priced lobby lawyers, trying to have the tariff taken of the bill. They do this because they know that this tariff will promote the home production of this leaf and since it is necessary for blending purposes they don't mean to let any competition develop in the manufacturing field, as you know they control the available supply on the other side. And that is all there is to this fight.

Please feel that you can call on me whenever I can be of service in this matter. Very sincerely, yours,

ALFRED ARAM, President Associated Tobacco Growers of California.

There is no reason, so far as I can see, why a man in England should smoke a cigarette for which he pays the same price that an American who smokes the same cigarette pays after considering the 100 per cent higher tax that they pay in England and the fact that in the United States the cigarette is made where the tobacco grows at the doorstep of the factories.

Senator Reed. I want to ask you a question about this. I hope you can give a direct answer. You say that the cigarette retails in

England at the same price as in the United States, although the English tax, the import tax, is heavier than the aggregate of the domestic taxes on the cigarettes in this country. You say that that applies to the retail cigarette. I want to know about the wholesale price.

Mr. Aram. I know nothing of the wholesale price. We had a man go around in England, stop at a store, ask for a cigarette and pay for it.

Senator Reed. Of course, the American retailer may be charging one price and the British retailer another. What you say about the cigarettes—and I am not trying to argue this point with you—is true of many things made in this country and sold abroad. I think it is generally true that the foreign price is less than the domestic price here on nearly everything exported from this country. Isn't that

your understanding?

Mr. Aram. I do not know about the other commodities. I have been so busy with tobacco that I have not had the opportunity to study the others. But the reason it is so in the case of tobacco products is that the manufacturers have a high tariff in this country on cigarettes, so they have a tariff wall around the country so high that the foreign manufacturer's cigarettes can not get in, and, there being no competition within the country, they can charge what they please. But when they go to England or other countries they have to meet competition. And when it comes to protection, I have a photograph here which I will pass to the committee. It shows a port on the Black Sea where tobacco is being loaded for shipment to America. Out in the distance you can see an American destroyer. So the manufacturers are not only getting all the protection they want against foreign competition, they get some unusual protection in obtaining raw materials wherever they can get it cheapest, even if it takes American destroyers to protect them in troubled countries, so that they may bring this tobacco and compete against the American farmer. I will also pass a report for the record which bears the date of September 12, 1921. It is from Rear Admiral Bristol, United States high commissioner at Constantinople, to the Secretary of State. It says in part:

The Samsoun offices of the American tobacco companies have been able to keep in touch with their Constantinople and New York offices owing to the presence of our destroyers at Samsoun and our permission to send mail by these destroyers and to transmit urgent messages by radio.

I am sorry Admiral Bristol neglected to mention that the representatives of the American tobacco companies have been also riding back and forth on our destroyers between Constantinople and Samsoun, all of which is very proper and commendable, but how about some protection for the American farmer?

Senator REED. Don't you think it would be well to find the whole-

sale prices of these cigarettes as well as the retail prices?

Mr. Aram. When the manufacturers come down to Congress and say, "If you raise the price of the blended cigarette thirty-two one-hundredths of a cent per package of 20, we will be ruined," I want to know how they do it in England. Here, for instance, is a cigarette made of pure Virginia tobacco. It is the highest grade. It sells 10 for 10 cents in England. I got my information from the manufacturer himself. It is made by the British-American Tobacco Co., either the parent or the child of the American Tobacco Co.

Senator REED. That is made in England?

Mr. Aram. Made in England.

Senator REED. What does it sell for?

Mr. Aram. Ten for 10 cents. Senator Watson. Is that made of pure Virginia tobacco?

Mr. Aram. It is made of pure Virginia tobacco. Senator La Follette. What does it sell for in this country?

Mr. Aram. Ten for 10 cents also. The taxes run like this: In England this cigarette pays a tax of \$4.90 to the British Government. In America it pays \$3, to say nothing about the cost of transportation and insurance.

Let me say that the British taxes, income taxes, etc., are much heavier in England than in the United States, yet an Englishman smokes better cigarettes—I think it is a better cigarette; it does not contain "57" varieties of artificial flavorings—for the same price that we pay in the United States where tobacco is grown at the factory doors. Now the American manufacturers say, "If you raise this duty, you are going to ruin us," that the smoke will never again rise out of their factory chimneys.

Senator Reed. What was the labor cost in that English eigarette?

Mr. Aram. The labor cost?

Senator REED. Yes.

Mr. Aram. I do not know. I discussed that matter with Mr. Dushkind, secretary of the Tobacco Merchants Association. He is here in this room now. I called his attention to the fact that the manufacturers had a very high duty, almost a prohibitive duty on cigarettes, and that they were very well protected, but that when you come to protecting the farmer they do not believe in protection, and he stated to me that no country can compete with the United States in the manufacturing of cigarettes.

Senator REED. We have to pay more for our labor here, do we not!

Mr. Aram. I do not know about that.

Senator Reed. Well, I want to get back to this tax phase. You

say the direct tax is \$3 and the English tax is \$4.

Mr. Aram. There are two classes of tax in England. I do not know which one they did pay. I am going to give the American manufacturers the benefit of the doubt. If the tobacco contains less than 10 per cent moisture they paid a rate of \$5.62. If the tobacco they use contains more than 10 per cent moisture they pay Now I am taking the \$4.90 rate. **\$**4.90.

Senator REED. Very well, we will take \$4.90. Are there any

other taxes to be paid in this country by the manufacturers?

Mr. Aram. The license tax, the same as in England. It is heavier there.

Senator REED. Is there any other? Do they pay county and State taxes?

Mr. Aram. They pay the same thing in England and more.

Senator REED. I am speaking now of the price of the cigarettes.

Mr. Aram. Yes. So far as the selling cost is concerned, it ought to be less in the United States because it is practically under one head. Because it is under one head the business ought to be done more cheaply over here. And the consumer should be given some of the saving

Senator REED. Your theory is that they can raise tobacco as cheaply here as they can abroad.

Mr. Aram. I do not know what is going to happen.

Senator REED. Until they change their living conditions in this country and in Turkey, where they raise Turkish tobacco, you can not compete, can you?

Mr. Aram. No, sir. Senator Reed. That is a permanent condition until the whole world changes, is it not?

Mr. Aram. Yes; unless the other countries growing tobacco change to our standard of living.

Senator REED. I will ask you this: Under those conditions, can we compete?

Mr. Aram. No, sir. We can not compete under the present

conditions.

Senator Reed. Some gentlemen raise peanuts. They say they can not compete. Other gentlemen raise long-staple cotton, and they say they can not compete. Do you believe in putting a tariff on them?

Mr. Aram. Absolutely. We are better off in the long run. Everybody in the United States is better off under the protective tariff

Senator REED. Therefore, we ought not to buy anything abroad that we can produce here, no matter how much it costs to produce

it here?

Mr. Aram. Well, I am not an economist. The question is not in my line. I can answer questions about tobacco. I want to come back to this cost and tax business. This morning something was said about the Pall Mall cigarette. It is considered the highest class of Turkish tobacco cigarette. Until recently it was retailing for 30 cents; that is, \$30 per thousand.

Senator Watson. That is all Turkish tobacco?

Mr. Aram. I think it is. It is a good cigarette. That is \$30 perthousand. They sell it here now for \$25 per thousand and in England for \$24. The total taxes on this cigarette in this country are \$4.31 per thousand, in England—I don't know just what class of tobacco they use, as to the moisture content, but giving them the benefit of the lower rate, it is \$7.35 per thousand. Now, they come here and say, "You are going to ruin us by putting so many mills on a package of cigarettes." I will say this, if this protective duty on this Turkish type of tobacco causes the manufacturers to raise the price to the consumers, there are quite a number of gentlemen in this country that nothing would suit them better, because they will then go to manufacturing. The Fordney tariff on this tobacco will do more toward bringing competition in the cigarette business than all the investigations and dissolutions have or can accomplish. Manufacturers know this and that accounts for their frantic efforts to take it off the bill.

Senator McLean. Did you get those figures right?

Mr. Aram. \$25 per thousand in this country and \$24 per thousand in England.

Senator La Follette. Is that the wholesale price? Mr. Aram. No, sir; it is the retail price at the store. Senator McLean. What is the difference in the tax here?

Mr. Aram. In America it is \$4.31; in England, \$7.35. Besides they have to pay the same price on the other side for tobacco that goes both to the factory in England and here.

Senator McCumber. Is that all? Mr. Aram. There is one more point.

Senator Warson. Senator Fletcher has been waiting for an opportunity to be heard to-day. If Mr. Aram can complete his statement quickly, I think it would be well.

Senator McCumber. Please conclude your statement as quickly as

possible.

Mr. Aram. Gentlemen of the committee, this industry can not go any further unless there is a protective tariff. It will protect our industry and it will be added revenue to the Government without putting any additional burden on the consumer.

Senator Simmons. There is a protective tariff. You mean a

tariff of a dollar?

Mr. Aram. The tariff is like a pair of shoes. If the shoes are not big enough you can not wear them, and if it isn't big enough it is of no possible use to you regardless of what the size may be; 35 cents does not protect; 80 cents doesn't protect; \$1 a pound is the minimum that can do us any good at all.

Senator SIMMONS. There is nothing in that sort of stuff. I want to ask you this question. You say that the present cost of our production of this tobacco, that is, the production in your State,

is \$1.25.

Mr. Aram. We have an exact statement, item by item, which can be furnished to the committee. I think it comes to \$1.32. I believe it averages that. We have an itemized statement there in our memorandum.

Senator Simmons. And you want 15 per cent profit on that?

Mr. Aram. I do not know what profit we want. We want a fair

profit and we are entitled to it.

Senator SIMMONS. You said that was the profit you sought to get through your association.

Mr. Aram. About that; yes, sir.

Senator Simmons. Then you would want \$1.32 plus 15 per cent. Have you calculated what that would be?

Mr. Aram. \$1.47.

Senator SIMMONS. That is what you want? That would get you out, would it?

Mr. Aram. Yes; on some grades of tobaccos.

Senator SIMMONS. Will you be able in the future to reduce the cost of producing that tobacco in California?

Mr. Aram. Yes. I made that statement to the Ways and Means

Committee.

Senator Simmons. What is the price to which you hope to get the

cost of production reduced?

Mr. Aram. I can not make a definite statement in regard to that. Once the industry gets on its feet, we shall be glad to pass on to the manufacturer any reduction in production cost.

Senator Simmons. We will assume that the industry is on its feet.

What will you be able to get the cost of production down to?

Mr. Aram. I believe that we will be able to reduce the cost of production.

Senator Simmons. How much?

Mr. Aram. I could not state. I do not know what the conditions

will be a year or two years from now. Senator Simmons. You said that Turkish tobacco sold in this country now from 15 to 30 cents a pound.

Mr. Aram. That is in bond. Some of it is more.

Senator Simmons. You put the maximum at 30 cents and the minimum at 15.

Mr. Aram. That is not the regular price.

Senator Simmons. Then the average could not be over 30 cents. Mr. Aram. That is not the regular price. That was following the slump.

Senator Simmons. I am not talking about the period before the What is the average price now of the Turkish tobacco in this

country?

Mr. Aram. I do not know what the manufacturers are paying. We only know our own production.

Senator Simmons. I though you undertook to tell the committee that the Turkish tobacco was sold in bond between 15 and 30 cents.

Mr. Aram. That is their statement. They said they could not pay a higher price to us, because they can get the imported leaf for that price.

Senator Simmons. Assume that you get down to a dollar. That is about as low as you could hope to get, is it not?

Mr. Aram. I do not know—probably.

Senator Simmons. You would never hope to get it down to the Turkish price of 30 cents?

Mr. Aram. The cost of production on the other side?

Senator Simmons. Yes.

Mr. Aram. We can never do that unless we and our wives and children learn to subsist on salt fish and onions as they do on the other side and we trust this Congress will not pass such a sentence

Senator Simmons. So that this is one case where we have notice in advance that we will never be able to produce that article in this country for less than two or three times as much as it can be bought for abroad?

Mr. Aram. What is that statement, Senator?

Senator Simmons. I say that we have notice now that in order to build up an industry-

Mr. Aram (interposing). Not to build up an industry, but in order

to help the industry that exists and to keep it from dying.

Senator Simmons. We will say in order to keep afloat an infant industry that produces 700,000 pounds.

Mr. Aram. We produced over 1,500,000 pounds in 1919.

Senator Simmons. Out of the total production in this country of a billion and a half.

Mr. Aram. Our tobacco is not compared with southern tobacco. There is no demand for that much tobacco of Turkish type.

Senator Simmons. You are asking a duty of \$1 per pound.

.Mr. Aram. Yes. We ask that there be no change in the Fordney rate.

Senator Simmons. In order to keep that industry, that little industry, alive, and to enable it to expand?

Mr. Aram. Yes. In order that the money American smokers pay may go to American farmers and cultivate American acres instead

of going to foreign countries.

Senator Simmons. But at the same time you are giving us notice that when it gets on its feet and when it has expanded to its utmost limits you will not be able to produce this article in this country for less than three times as much as it costs to produce it abroad?

Mr. Aram. I do not say how much the cost of production will be brought down, but it will not be the same as on the other side.

Senator Simmons. I understood you to say that it would not be

below a dollar per pound.

Mr. Aram. I did not say that. I do not know how much we can reduce our cost of production. We can not predict what the cost of That is determined by production will be several years from now.

numerous elements not within our control.

Senator Simmons. Ordinarily, the contention is made that if we will give a struggling industry adequate protection in a short time it will grow and expand and the cost of production will be reduced to such a point that ultimately we will be able to buy the American product at a lower price than we can buy the foreign product for, but you tell this committee, as I understand it, that there is no hope of ever reaching the point where you can supply this country with this

product at anything like the price we have to pay abroad.

Mr. Aram. The Fordney rate does not justify any increase to the The American manufacturers seem to have found the way to sell cigarettes to Englishmen at less than what they charge you and I, in spite of 100 per cent differential in taxes in favor of the American consumer. .It is very clear what we need is competition and the American production of this tobacco will have that tendency. The price of smoke is determined not by Government taxes, but by the degree of competition and the manufacturing and distribution. If taxes determined prices, in England they would have to They pay the same pay double what we pay here, but they don't. as over here or less. I know intimately the conditions existing in this country and those existing abroad and the difference between the living standards of producers of Turkish tobacco in this country and abroad. If our farmers and their families and our employees must live at the same level as they do over there and under the same conditions, we do not want the industry. I do say, as I have said before, that we will never be able to reduce our cost of production here to the same level as over there unless they change their standards of living.

Senator Simmons. Then, the reduction in this case can never equal the cost of the Turkish tobacco abroad; that is to say, it will never come to the point where it is sold as cheaply here as in other countries?

Mr. Aram. It can not be, unless conditions over there change. Senator McCumber. Let me call the attention of the Senators and witnesses to the fact that this witness has taken an hour and a half. The chairman announced this morning that the hearing on tobacco would be closed to-day.

Senator Shortridge. May I ask the gentleman one question? •

Senator McCumber. Certainly.

Senator Shortridge. Mr. Aram, you have answered the Senators by stating that the average cost per pound of producing the Egyptian tobacco is about \$1.25.

Mr. Aram. About \$1.32 average.

Senator Shortridge. Senator Simmons very properly, I thought, asked you whether you think that hereafter you can produce that tobacco more cheaply. Now, you are now taking into consideration the various elements that go to make up that sum total, are you not?

Mr. Aram. Yes, sir.

Senator Shortridge. Such as the cost of labor, taxes, and all the incidental expenses that would occur?

Mr. Aram. Yes.

Senator Shortridge. If the cost of labor shall come down; if taxes shall be reduced; and the various other elements of cost are reduced, you would ultimately be able to produce the tobacco, of course, at a less price, would you not?

Mr. Aram. At a less price; yes.

Senator Shortridge. But you do not hold out the hope that the American farmers—men and women engaged in this industry—will ever be able to produce the tobacco at as low a cost as this tobacco is

produced in some of these other countries?

Mr. Aram. I am positive that will never be done unless they adopt higher standards of living over on the other side. But it must be remembered that while the cost of production abroad is very low and the manufacturers get it very cheap, so far as the consumers' prices of cigarettes are concerned, they might just as well support the American-grown leaf. In other words, the low cost of production over there has been of no benefit to the consumer because the manufacturer has never shared it with them.

Senator Smoot. If a smoker can not tell the difference between the blended and the straight tobacco, why in the name of common

sense don't you manufacture it for cigarettes?

Mr. Aram. Our tobacco costs us more than the imported tobacco costs. We can not put it on the market and compete with them. Our tobacco costs us more money.

Senator Smoot. It does not cost more than the English tobacco

costs them.

Mr. Aram. We will have to sell it in this country. We can not export our tobacco or the manufactured eigarettes from our tobacco because we can not meet competition abroad. However, we can put on the American market as good a cigarette and better than the manufacturers have ever given to the public, and even with the high cost of our leaf to us we can market it at the present prices to the consumer and make a fair profit. But with the cost of the imported leaf so much lower to the manufacturer as soon as we have invested in factories, etc., and get started in distribution they will come along with a fighting brand and sell it at a price where they can still make a profit, while it would be below our cost of production. They have done this sort of thing before.

Senator Smoot. You have millions and even billions of cigarettes

that are sold in this country.

Mr. Aram. No. We can not find a market for these cigarettes because our tobacco costs us more money.

Senator REED. I thought a moment ago you said these men were profiteering.

Mr. Aram. I made no such statement. I simply compared prices here and in England. The committee and the public can draw their own conclusions.

(Mr. Aram submitted the following resolutions, charts, and other documents for the record.)

SACRAMENTO CHAMBER OF COMMERCE, June 2, 1921.

Hon. SAMUEL SHORTRIDGE,

United States Senator, Washington, D. C.

MY DEAR SENATOR SHORTRIDGE: The board of directors of the Sacramento Chamber of Commerce has given most careful consideration to the tobacco industry of California, and unanimously urge that you use your effort to the end that Congress place tariff of \$1.80 per pound on Turkish tobacco, as requested by the Associated Tobacco Growers of California. It is vitally important that this be done if the tobacco industry in California is to be developed free from the competition of the imported leaf.

There is no comparison in labor costs between America and the Orient. At the same time the tariff requested will make no material increase in the price to the con-

sumer of the finished product.

We will appreciate your putting forth every effort possible, and if there is any further assistance we can render to you, please feel free to call upon us.

Very truly, yours,

A. S. Dudley, Secretary-Manager.

[Telegram.]

WOODLAND, CALIF., March 17, 1921.

Hon. Chas. F. Curry, Washington, D. C.

Yolo County vitally interested in tariff on tobacco. Industry here could be made very successful and profitable if protected. We have half million pounds here now and no market. Question indeed vital one.

YOLO COUNTY BOARD OF TRADE. FRED. SHAFFER, Secretary.

RESOLUTION BY THE YOLO COUNTY BOARD OF TRADE.

Whereas dependable advice indicates to us that the tobacco industry of Yolo County and the entire State is jeopardized by the conduct of interests opposed to California production and favorable to the importation of the product grown and prepared by the cheap labor of the Orient; and

Whereas Yolo County growers now have on hand a production estimated in value at a half million dollars and find it impossible to compete with the product of foreign countries, where cheap labor and a deplorable living condition exists; Therefore

be it

Resolved by the Yolo County Board of Trade, called in special session to act in this emergency, That we ask our Senators and Representatives in Washington to exert every possible effort and encouragement to the end that an adequate protection may be laid by Congress so that our people may no longer remain the victims of this unjust and unfair proposition; and, further, that a copy of this resolution be forwarded by the secretary of this board to our Senators and Representatives.

Adopted May 27, 1921.

THE YOLO COUNTY BOARD OF TRADE. By A. W. MORRIS, President.

Attest:

FRED SHAFFER, Secretary.

RESOLUTION BY THE WOODLAND AD. CLUB.

Whereas it has come to the knowledge of this organization that influences inimical to the agricultural interests of the county are at work in Washington; and Whereas the tobacco industry has been developed in Yolo County to the extent that

it is a potent factor in the economic well being of this community; and

Whereas this organization is fully cognizant of the vital interdependence of the agricultural and commercial interests of the community; Therefore be it

Resolved, That the Woodland Ad. Club, representing the business interests of the community, heartily indorses the elforts being made to procure adequate protection for this industry and urges its Representatives in Congress to do all in their power to the end that proper protection may be had; and be it further

Resolved, That copies of this resolution be forwarded by the secretary of the club

to our Senators and Representatives in Congress.

Adopted and approved unanimously May 25, 1921.

President	Woodland Ad. Club.
	— ——, Secretary.

SAN DIEGO CHAMBER OF COMMERCE, San Diego, Calif., July 26, 1921.

Mr. ALFRED ARAM,

Attest:

President Associated Tobacco Growers of California, Care of Hon. C. F. Curry, House Office Building, Washington, D. C.

MY DEAR MR. ARAM: We have your letter of July 19, stating that the tobacco manufacturers in New York had stated to the Ways and Means Committee that they have a statement from the San Diego County Chamber of Commerce that this organization is not in favor of the development of the tobacco industry, and that it considers this industry is a failure in San Diego County.

For your information will state that the writer has been in this office for the past nine years and can not learn from our records that this organization has at any time taken such action. On the contrary, we wish to assure you that the San Diego Chamber of Commerce is heartily in favor of the development of the tobacco industry in California, and considers that it has made a good showing in this State, and that they believe it to be susceptible of great development in this region, which has been proven by the success of the industry in various parts of California.

Please be assured that we are most heartily in sympathy with this work and that we greatly appreciate the efforts of our good Congressman, Judge Swing, in expressing himself as very much in doubt as to any such expression having gone out from the San Diego Chamber. Mistakes of this kind seem bound to occur, and we are very happy to have the privilege of refuting this one and trust that our explanation is ample.

Very truly, yours,

WM. Tomkins, Executive Secretary.

Copy to Congressman Phil D. Swing.

[Telegram.]

APRIL 26, 1921.

Representative BARBOUR, Washington, D. C.:

At a meeting of the directors Exeter Chamber of Commerce to-day tariff on Turkish tobacco was indorsed. We would like you to do everything in your power to have Ways and Means Committee pass this tariff.

THE EXETER CHAMBER OF COMMERCE, ROBT. N. RICHARDSON, Secretary.

[Editorial in the Sacramento Bee, May 28, 1921.]

CALIFORNIA TURKISH TOBACCO NEEDS TARIFF PROTECTION.

California and southern Oregon are the only districts in the United States suitable for growing Turkish tobacco, from which the cigarettes which millions smoke are made.

Not only are the climate and soil favorable but the tobacco has been successfully grown, 1,200,000 pounds having been raised in 1919.

But, as with many other products, importation from countries where lower standards of living provide cheaper labor so shattered the market price that the 1919 domestic crop is still warehoused for lack of offers that would meet production costs.

To overcome this, the Association of Tobacco Growers of California, composed of the producers in this State, is asking a tariff on foreign-grown Turkish tobacco with hope of success from the present Congress.

A duty of 35 cents a pound has been imposed on tobacco imported into this country for many years. That amount is sufficient to protect the Burley tobacco, grown throughout the South, where conditions are especially favorable to its production.

According to the Tobacco Growers' Association, however, 35 cents is not

enough to protect the domestic production of Turkish tobacco.

A precedent is cited in the tariff duty placed on wrapper-leaf tobacco, grown in the Eastern States. Shortly after the first experiments on a commercial scale it was realized the ordinary tariff rate was insufficient, and a special rate of \$1,85 a pound was secured.

In the emergency tariff bill that amount has been raised to \$3. The Tobacco Growers are asking a tariff duty of \$1.80 a pound.

Exactly what the tariff duty should be to protect American growers against the handicap of cheap foreign labor, without giving such a differential as would be unfair to American consumers, the Bee does not know.

A just amount of protection, however, determinable by Congress would give the industry a chance to grow, as there are hundreds of thousands of acres in California suitable for tobacco culture.

The 1,500 acres p'anted in 1919, a large part in Yolo County, does not even foreshadow the extent to which the tobacco industry might grow in this State if properly protected.

Unlike most other crops, Turkish tobacco does not demand the rich lowlands for its culture. It thrives best on the hillsides that fringe the Sacramento

Valley and the smaller valleys.

Irrigation is not needed, for the tobacco matures in the short space of 43 days after being transplanted from the seed beds as soon as danger of heavy frosts has passed.

Such a crop as this, for the annual importation is worth \$40,000,000, would be a valuable addition in large acreage to California's products.

California should lend her efforts to securing a just tariff rate which will

equalize the difference in cost between labor in foreign countries and in this country.

RESOLUTION FROM THE NORTHERN CALIFORNIA TURKISH TOBACCO GROWERS' ASSOCIATION.

Whereas it has come to the attention of the Northern California Turkish Tobacco Growers' Association that influences are at work in Washington to defeat the efforts of the Associated Tobacco Growers of California toward the securing of an adequate tariff for this industry; and

Whereas these same influences have in the past, and do now maintain, an arbitrary and stifling control over the tobacco industry, which has not only persistently deprives us of the fruits of our labors, but through various methods has prevented the industry from attaining its legitimate develop-

ment in the Pacific Coast States; and

Whereas we seriously object to the enrichment of manufacturers and importers from the Orient at our expense, and the cultivation of foreign fields while our fields are rendered unprofitable, because it better serves the selfish purposes of a powerful group whose activities and methods do violence to our conception of democracy and equality of opportunity; and

Vhereas, through the great difference in the cost of production in the Orient and in America, over \$40,000,000 are paid annually to the foreign growers while the American product is forced from the market; and

Vhereas under similar conditions Congress gave aid to the growers of wrapperleaf tobacco of the Eastern States by levying a tariff of \$1.85 per pound, and

recently granted them further protection: Therefore be it Resolved, That we respectfully request Congress to grant the growers of furkish tobacco of California the protection necessary to free the industry rom the unequal competition against the low production cost of foreign tobacco, and thereby remove the chief obstacle against the expansion of this industry; ind be it further

Resolved, That copies of this resolution be forwarded to our Senators and Representatives in Congress with the request that they do whatever is in heir power to secure the necessary protection asked for by the Associated l'obacco Growers of California.

Unanimously approved and adopted at a special meeting, held in the rooms of Yolo County Board of Trade, Woodland, Calif., this 27th day of May, 1921.

> NORTHERN CALIFORNIA TURKISH TOBACCO GROWERS' ASSOCIATION. M. O. WYATT, President. J. F. KRENKEL, Secretary.

[News item.]

FRESNAN FIGHTS FOR TARIFF-TOBACCO GROWERS BUCKING "TRUST" IN WASHINGTON.

EXETER, August 6,

Alfred Aram, of Fresno, president of the California Association of Tobacco Growers, who is in Washington, D. C., fighting for a tariff on tobacco sufficiently large to allow the California grower to raise tobacco, has sent out a call for affidavits showing that the tobacco raised in the Exeter district, when the "trust" had a farm here was considered of a very good quality. The secre-"trust" had a farm here, was considered of a very good quality. tary of the local chamber of commerce during the last few days has gathered some of the documents from residents who raised the tobacco at that time. At the present time the "trust" discredits the California product.

> THE AMERICAN PROTECTIVE LEAGUE, New York, April 28, 1921.

Hon. WILLIS C. HAWLEY, M. C., Washington, D. C.

DEAR MR. HAWLEY: In connection with the agricultural schedule, which has been referred to your subcommittee, we are inclined to think that you will find some peculiarly powerful influences opposed to an adequate protective tariff on American Turkish tobacco which has been developed on the Pacific

As you know, we never recommend a rate of duty, but feel that if the American-grown Turkish tobacco is equal to the foreign, it should be classified at a higher rate than filler tobacco.

Very truly, yours,

WILBUR F. WAKEMAN, Treasurer and General Secretary.

[United Chambers of Commerce of the Sacramento Valley, representing the chambers of the following counties: Amador, Butte, Colusa, El Dorado, Glenn, Lassen, Modoc, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Siskiyou, Solano, Sutter, Tehama, Trinity, Yolo, and Yuba.]

BENICIA, CALIF., June 29, 1921.

Hon. CHAS. F. CURRY,

House of Representatives, Washington, D. C.

DEAR MR. CURRY: At the monthly meeting of the United Chambers of Commerce of the Sacramento Valley held at Oroville, Calif., on June 11, 1921, a

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resolution was unanimously adopted expressing the view that the California growers of Turkish tobacco should be given adequate tariff protection for their product and requesting that the United States Senators and Members of Congress from the State of California be asked to use their best efforts toward

securing such protection in the pending tariff bill.

The above action was based on the showing that there has been developed within the State of California, on a scale of considerable importance, the growing of tobacco of the type under consideration. This development has been especially great along the foothills of the Sacramento Valley in the territory covered by this organization. It is claimed by the officials of the California Tobacco Growers' Association that, with the existing tariff rates on this class of tobacco the California growers find themselves unable to compete with tobacco of similar quality being imported from China, Turkey, Greece, Japan. and other countries in which the rates for labor are much lower than those in the United States.

As bearing out this view, the secretary of the Yolo County Board of Trade states that there are at present approximately one-half million dollars worth of Turkish tobacco stored in the warehouses of that county for which no reasonable sale price has been obtainable. He states that similar tobacco from other countries to a value of approximately \$3,000,000, and from China to a value of approximately \$6,000,000, has passed through California eastward since this stock has been in storage in Yolo County. The providing of a higher tariff for the California tobacco would evidently be in line with what has heretofore been done for certain types of tobacco grown in Eastern States.

Sincerely, yours,

E. P. O'HERN.

President United Chambers of Commerce of the Sacramento Valley.

PENBYN,: PLACER COUNTY, CALIF., July 26, 1921.

Mr. ALFRED ARAM,

President Associated Tobacco Growers of California,

United States House of Representatives.

DEAR MR. ARAM: In answer to your letter of July 16, with reference to the sale of my tobacco, I am inclosing herewith all letters I have in this connection. You will note I have italicized a portion of Mr. Wilson's letter, which proves, in my estimation, the manufacturers are willing to pay a fair price under certain conditions.

Trusting the inclosed will be of some value, I am,

Yours, very truly,

H. R. OWEN.

(Copy of letter referred to above:)

New York, April 21, 1921.

Mr. George W. Bisbee,

Pioneer Fruit Co., Sacramento, Calif.

DEAR MR. BISBEE: I presume you thought from my silence that I had forgotten to attend to the sale of the tobacco, but for four or five days last week railroad conditions were such that I was unable to even get into New York, but when I did last Friday I started at once to try and interest some one in the

proposition.

The United Cigar Stores Co. could not handle it, and sent me to another large corporation. After looking at the sample they told me in the first place they would not buy 9½ tons from such a small sample, and wanted to know if the shipper would send three or four bales as a representative sample of the entire lot; that upon a thorough examination of these bales they might find much better tobacco than the small sample, and then they could offer more money. That during the war, when it was hard to get from the other side, they had paid as high as \$1.25 per pound, but now they could and were getting plenty from the other side, but they would take a chance at 30 or 35 cents.

I then went to see the American Tobacco Co., and they said the proposition

was too small for them.

With kind personal regards, Very truly, yours,

J. M. WILSON.

Annual consumption of cigarettes in the United States, 1912-1920 (fiscal years).

1912	11, 239, 536, 803	1917	35, 000, 000, 000
1913	15,000,000,000	1918	40, 000, 000, 000
1914	20, 000, 000, 000	1919	45, 000, 000, 000
1915	25, 000, 000, 000	1920	50, 448, 544, 689
1916	30, 000, 000, 000		

The net earnings of the P. Lorillard Co., of New York, for 1920, after deducting expenses of operation and reserves for excess profits and income taxes, amounted to \$7,779,256.42, compared with \$4,980.377 in 1919.—Tobacco Record of March 16, 1921.

Consumption of cigarettes in the United States.

[Based on statistics from Commissioner of Internal Revenue.]

1880	408, 708, 366	1901	2, 277, 069, 818
1881	567, 395, 983	1902	2, 651, 618, 797
1882	554, 544, 186	1903	3, 041, 573, 668
1883	640, 021, 653	1904	3, 235, 103, 868
1884	908, 090, 723	1905	3, 376, 633, 643
1885	1, 058, 749, 238	1906	3, 792, 759, 903
1886	1, 310, 961, 350	1907	5, 167, 021, 357
1887	1, 584, 505, 200	1908	5, 402, 336, 113
1888	1, 862, 726, 100	1909	
			6, 105, 441, 178
1889:_	2, 151, 486, 160	1910	7, 844, 748, 515
1890	2, 233, 254, 680	1911	9, 254, 351, 722
1891	2, 684, 538, 760	1912	11, 239, 536, 803
1892	2, 892, 982, 840	1913	14, 294, 895, 471
1893	3, 176, 698, 700	1914	16, 427, 086, 016
1894	3, 183, 783, 130	1915	16, 756, 179, 973
1895	3, 328, 477, 677	1916	21, 087, 757, 078
1896	4, 043, 798, 737	1917	
1897	4, 153, 252, 470	1918	
	,		
1898	3, 753, 697, 908	1919	38, 104, 738, 310
1899	2, 805, 130, 737	1920	50, 448, 541, 689
1900	2, 639, 899, 785		• • •

Internal-revenue taxes on cigarettes, 1880–1920: 1880–1883, \$1.75 per thousand; 1884–1898, 50 cents per thousand; 1899–1910, \$1.50 per thousand; 1910–1917, \$1.25 per thousand; 1918, \$1.65 per thousand; 1919–1920, \$3 per thousand. Marked decline in the consumption of cigarettes, 1898–1902, caused by Spanish-American War.

During the entire period covered by the above statistics the duty on imported cigarette leaf has been 35 cents per pound.

Internal-revenue collections.

1880	\$14, 206, 819. 49	1901	\$21, 450, 867, 78
1881	16, 095, 724, 98	1902	18, 722, 045, 73
1882	18, 245, 852, 37	1903	. 20, 705, 041, 53
1883	16, 895, 215, 15	1904	20, 498, 711, 84
1884	10, 368, 805, 27	1905	20, 976, 091, 95
1885	10, 077, 287, 50	1906	22, 008, 184, 08
1886	10, 532, 804. 05	1907	23, 092, 586, 43
1887	11, 364, 916, 33	1908	21, 259, 326, 59
1888	11, 534, 179, 95	1909	20, 814, 317. 65
1889	11, 602, 156, 92	1910	22, 001, 437, 91
1890	12, 263, 669, 95	1911	22, 673, 008. 31
1891	13, 424, 678. 30	1912	22, 589, 467, 51
1892	13, 646, 398. 25	1913	23, 872, 446, 25
1893	14, 442, 591, 35	1914	23, 790, 091, 44
1894	12, 200, 752, 30	1915	21, 903, 564, 43
1895	12, 491, 917. 32	1916	22, 881, 202, 53
1896	12, 713, 267, 83	1917	25, 512, 909, 67
1897	12, 189, 507, 29	1918	30, 910, 204, 15
1898	13, 626, 049, 71	1919	37, 011, 263, 77
1899	16, 854, 523, 57	1920	56, 415, 927. 82
1900	19, 785, 481, 64		, ,
	•		

Increased duty on wrapper tobacco and the development of American wrapper tobacco has brought about increase in consumption of cigars, in Government revenue, and in imports, because the home-grown tobacco fostered competition in manufacture. Protection to the American-Turkish type tobacco will show similar results in the cigarette industry.

Import duty per pound of filler tobacco.

zpert waty per pound of force. to access	
United States	
Canada	. 40
England: Class A	2. 25
Class B.	
Internal revenue per 1,000 cigarettes.	
United States	\$3.00
Canada	6.0 0
England: Class A	10 49
Class B	
•	
Internal revenue per pound of pipe, smoking, plug, etc., tobacco.	
United States	\$0 . 18
Canada	
England:	* O O-
Class A	z. 25

THE AMERICAN TURKISH-TYPE TOBACCO—ITS RELATION TO THE CIGARETTE INDUSTRY AND THE CONSUMER.

THE TERM TURKISH-TYPE TOBACCO.

The term "Turkish tobacco" is a generic term and used to differentiate between certain members of the tobacco family. Within the term "Turkish type" are included over 20 varieties of tobacco, each possessing its particular characteristics. The term has no geographic significance any more than the term "navy beans," and no country can claim it as its product exclusively.

World production (prewar period).

[Authority: Commissioner of Internal Revenue.]

Pound	
Bulgaria 30, 000, 00	0 Asia Minor 15,000,000
	0 Macedonia 75,000,000
Rumania 20, 000, 00	0 South Africa 15,000,000
Russia 70,000,00	0 [

Total annual production about 247,000,000 pounds. Not all of the South African production is of the Turkish type.

Exports to United States.

,	1913	1914	1915	1916	1917	1918	1919	1920
Bulgaria	Pounds.	Pounds. 29.243	Pounds. 24,074	Pounds.	Pounds.	Pounds.	Pounds. 4,675,786	Pounds.
Greece Russia	1,408,050 39,520	1,750,623 44,302	1,580,735 3,791	8,566,219	. 	17, 496, 045 366, 957	20,702,632 864,797	13, 145, 649
Macedonia China Asia Minor	18,955,295	8,502,742 962 15,616,543	5,950,915 3 6,714,654	19,890 2,030	10,051 2,947,026 18,450	6,003,309 23,880	3,094,792 5,000,436 11,878,239	3,811,041
Egypt	72,735	5,437		21,775	26,880	19,895	109,935	

¹ The \$8.43 internal revenue per thousand cigarettes shown for England represents duty on 3.75 lb. tobacco necessary to make 1,000 cigarettes. (There is no internal revenue in England.)

in England.)

*No tobacco is grown in England, therefore all taxes on tobacco are collected at the customhouse at the rate of 9s. \(\frac{1}{2}\)d. (\\$2.25, normal exchange) per pound of tobacco containing less than 10 per cent moisture (Class A), and 8s. 2d. (\\$1.96, normal exchange) per pound of tobacco containing 10 per cent or more moisture (Class B).

FREIGHTS TO NEW YORK (LEAF TOBACCO).

California points to New York, by railroad, 3,542 miles, \$61.70 per ton, car lots. Black Sea or Aegean Sea ports to New York, by steamship, 5,072 miles, \$22-\$27 per ton.

San Francisco to New York by rail, American-grown tobacco, \$61.70 per ton. San Francisco to New York, same railroad, imported tobacco, \$50 per ton.

Compensatory duties.

Types and standard packages sold in United States.	Leaf to- bacco (\$1 per pound).	Cigarettes (\$5.35 per pound).
"Turkish" cigarettes: Packages of 10 cigarettes. Packages of 20 cigarettes.	Equivalent. \$0.030 .060	Equivalent. \$0.160 .321
"Blended" cigarettes: Packages of 20 cigarettes Packages of 15 cigarettes Packages of 10 cigarettes	. 005 . 003 . 002	. 267 . 200 . 133

The duty on cigarettes is \$4.50 per pound plus 25 per cent ad valorem. For the years 1919 and 1920 this amounted to \$5.35 per pound.

PROTECTIVE TARIFF AND THE MANUFACTURES.

The Fordney rate for the protection of the homegrown tobacco is \$1 per pound. The tariff on manufactured tobacco is \$4.50 per pound plus 25 per cent ad valorem. The combination of the two rates on manufactured tobacco gives the ad valorem equivalent of 125.84 per cent, or the specific equivalent of \$5.35 per pound.

It is safe to assume that the manufacturers believe in the protective principle as applied to their product.

If they have lodged any vigorous protest against Congress protecting them to the extent of 125.84 per cent ad valorem, or \$5.35 per pound, the records fail to disclose it.

The following tables based on statistics from the Bureau of Foreign and Domestic Commerce and the Commissioner of Internal Revenue, show the practical extent of this protection.

Consumption, exports, and imports of cigarettes.

Year.	Consumed in United States.	Exported from United States.	Imported to United States.
1912 1913 1914 1915 1916 1917 1918 1919	14, 294, 895, 471 16, 427, 086, 016 16, 756, 179, 973 21, 087, 759, 078 30, 529, 193, 538 36, 959, 334, 804 38, 104, 738, 310	1,630,177,000 1,931,340,000 2,546,330,000 2,130,212,000 2,612,477,000 6,452,543,000 12,145,539,000 16,211,769,000 15,833,870,000	5, 794, 500 14, 375, 100 20, 124, 300 16, 209, 000 11, 137, 200 5, 144, 100 1, 157, 700 15, 322, 800 4, 332, 600

CLIMATIC AND SOIL REQUIREMENTS.

"Soil most favorable for the cultivation of tobacco (Turkish type) should contain clay and lime, and must be stony and airy. * * * The land is dry with the necessary warm climate for the tobacco to mature properly. There would be even danger that the sun would dry up the plants if the sea breeze did not freshen them up sufficiently. The best tobaccos are harvested on the slopes with southern exposure. Flat lands, rich in nitrogen, which are suitable for the cultivation of cereals, are not suitable for the cultivation of tobacco."—
(From Les Annales Franco-Helleniques, compiled by the Bureau of Foreign and Domestic Commerce.)

The foothills surrounding the great Sacramento Valley and the slopes of the Coast Range Mountains bordering the Pacific Ocean contain several hundred thousand acres of land unsurpassed for the production of this leaf. Most of these lands are idle; some are utilized for grazing. Even if these soils were suitable for the production of other crops—which they are not—there would still remain the problem of irrigation. The conditions that make these lands desirable for tobacco culture are such that render them worthless for the production of other crops.

In the tobacco sections of California conditions of rainfall, humidity, temperature, and the absence of excessive variations in temperature between night and day are well adapted for this industry. This has been proved by the quality of the tobacco produced during the past 16 years.

Climatic data for Turkish tobacco producing districts of the Levant.

RAINFALL, INCHES.

District.	Annual.	May.	June.	July.	Aug.	Sept.
SamsounSmyrna.	26. 0 25. 7	1.9	.8	.8 .2	1.5	
Cavalla Saloniki	25. 6 17. 0	2.0 1.7	1.7 1.9	.7	2.0 1.0	1. 1.
MEAN RELATIVE HUN	IDITY,	PER (ENT.			
Samsoun.	71 63	75 60	78 57	71 52	67 57	6
Smyrna. Qavalla. Saloniki.	81 69	81 60	79 57	75 51	75 52	
MEAN TEMPI	ERATUI	RE.		<u></u>		
	• F.	• F.	• F.	• F.	• F.	• F.
SamsounSmyrna	58 63	57 69	66 75	73 81	74 80	
Cavalla	60	68	74	78	79	i '
Saloniki	61	69	76	81	79	:

Production in California.

	Pounds.	1	Pounds.
1906	500	1914	245,000
1907	9, 500	1915	500 , 000
1908	30,000	1916	800,000
1909	37,000	1917	498,000
1910	300,000	1918	870,000
1911	490,000	1919	1, 525,000
1912	250,000	1920	700,000
1913	215,000	1921	48,000

The fall in production since 1919 is due to the fact that the 1919 and 1920 crops are not sold and can not be sold for anything over 50 per cent of the actual cost of production.

From the beginning the industry has been a marked success as, given the proper soil, climate, and location, "the growing of tobacco is a common-sense proposition with no mystery of any sort attached * * *. The growing of tobacco in California is well on its way. In fact, it may now be regarded as an established industry * * *. The types that have been attended with greatest success are such types as are suitable for cigarette manufacture." (From a pamphlet issued in 1910 by the Exeter tobacco ranch, operated by the American Tobacco Co.)

METHOD OF PRODUCTION.

The production of Turkish type tobacco requires the maximum of hand work, and barring the shade-grown wrapper tobacco, it is the most expensive. Method of production in California follows closely that in use in the countries of the Levant, with few improvements. For instance, tractors are used in plowing and disking the larger fields. Fermentation is accomplished in specially constructed rooms where temperature and humidity can be controlled as against the Levantine method of fermenting in "wells" dug in the ground. Winter cover crops are planted to maintain the necessary elements of the soil. Early in the spring the land is plowed and the cover crop put under. field is then left to "take" the spring rains. The seed beds are prepared and the seed plants grown under glass. About the middle of April the field is disked and cultivated and the plants transplanted in the field. Hoeing and five to eight cultivations are given during the growing period. If pests appear, insecticides are applied. About the 1st of June breaking of sand leaves is in order. Then follows priming of leaves. Every morning before sunrise experienced men go through the field and gather the ripe leaves. As leaves ripen from the bottom of the stalk upward, the period of harvesting the ripe leaves extends over a period of 28 to 40 days, depending on the season and other local conditions. Each morning the ripe leaves are brought from the field to the "barn" and strung on cotton strings of about 6 feet long by piercing the butt of each leaf with a long needle resembling a spear. Care is taken to see that each string carries only tobacco of the same quality. On the string, all leaves face in the same direction.

They are then given a preliminary sweating in specially constructed rooms where humidity and temperature can be controlled at will. This operation usually requires about 24 hours. The strings, resembling garlands, are then stretched on bamboo poles of the same length and the poles placed on horizontal racks in the open, allowing the leaves to hang down and be cured by the rays of the sun. Depending on the season, all curing is usually finished by the latter part of August. The garlands are then hung in the barn until the rainy or damp season in winter. When the air is sufficiently humid to make the leaves soft and pliable, they are taken down and put through the process of fermentation in specially constructed rooms. After fermentation the strings are carefully worked over and all unsound or otherwise undesirable leaves plucked from the strings. The strings are then classified according to quality and size of the leaf. When the tobacco is at a point containing the proper amount of moisture it is then placed in uniform rows in specially constructed collapsible box forms which are made to produce bales of the desired size. The full boxes are then placed under specially constructed baling machines and the tobacco subjected to pressure, compressing it to the size of the finished bales desired. The tobacco, which is now a compact mass with stems forming the two outer falls, is removed from the collapsible form and sewn in burlap. It is now ready for shipment to the manufacturers. The period from seed to shipment is about 13 months.

Experience has proved that saving of expenses can be effected by establishing centrally located plants in each district and relieve the individual farmer of all work by taking the tobacco after the completion of sun curing on the farms. This plan has also resulted in better standardization and impartial grading of the crops. It has resulted in more expert fermentation by making it possible to install special equipment and carry the work under the supervision of experts. The central plant also serves as the marketing center of the district. It is the plan of the Associated Tobacco Growers of California to conduct these central plants for the growers on the cooperative principle.

Cost of production in California.

[Based on unit of 20 acres.]

Labor:	
Plowing 20 acres	\$35.00
Preparing seed bed	30.00
Sowing seed bed	3.00
Caring for seed bed	42.00
Disking field	35, 00

Takan Cantingal	
Labor—Continued.	000 00
Cultivating field Transplanting	\$28.00 117.00
Hoeing plants	
Eight cultivations	36.00 112.00
Two applications of insecticide	48.00
Breaking sand leaves	12.00
Topping	16.00
Suckering twice	32. 00
Gathering ripe leaves	60.00
Stringing	400.00
Hanging strings on frames and sweating	18.00
Sweating and taking to sun sheds	112,00
Attending to sun cure	48. 00
Hanging in barn	12 . 00
Preparation for fermentation	12.0 0
Fermentation	360 . 00
Grading and sorting	80.00
Loading and hauling to station	20.00
Pulling and burning old stalksApplication of fertilizer	18.00
Supervision	32.00
Supervision	1, 500. 0 0
Total for labor	3, 358, 00
=	
Supplies:	0 505 0-
Fertilizer	2, 535 . 6 0
Cover crop	9.40
Insecticide material and branFuel for curing and sweating	35. 76
Twine for stringing and bales	35.0 0 41. 50
Burlap for bales	95. 00
Upkeep on two horses\$290.40	3 3. 00
Less work paid for in labor cost items 117.00	
, less work part for in the or cost remonstration 111,00	173.40
Nails	
	3.00
SpearsIncidentals	
SpearsIncidentals	3. 00 2. 50 15. 00
Spears	3. 00 2. 50 15. 00
Spears Incidentals Total for supplies	3. 00 2. 50 15. 00
SpearsIncidentals Total for supplies Depreciation:	3. 00 2. 50 15. 00 2, 946. 16
Spears Incidentals Total for supplies Depreciation: Building (\$3.000, at 10 per cent)	3. 00 2. 50 15. 00 2, 946. 16
Spears	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75
Spears Incidentals Total for supplies Depreciation: Building (\$3.000, at 10 per cent)	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75
Spears	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan)	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875)	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75
Spears	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82
Spears	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00
Spears	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82
Spears	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Implements (\$860, at \$1.375) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Implements (\$860, at \$1.375) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Implements (\$860, at \$1.375) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance Interest: Land (\$6,000, at 7 per cent)	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Implements (\$860, at \$1.375) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance Interest: Land (\$6,000, at 7 per cent) Building and equipment (\$4.265, interest charged on 55 per cent	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00 214. 44
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Implements (\$860, at \$1.375) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance Interest: Land (\$6,000, at 7 per cent) Building and equipment (\$4.265, interest charged on 55 per cent	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Implements (\$860, at \$1.375) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance Interest: Land (\$6,000, at 7 per cent) Building and equipment (\$4,265, interest charged on 55 per cent of total) Investment in sumplies (\$2,946.16 for six months)	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00 214. 44 420. 00 164. 20
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Implements (\$860, at \$1.375) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance Interest: Land (\$6,000, at 7 per cent) Building and equipment (\$4,265, interest charged on 55 per cent of total) Investment in supplies (\$2,946.16 for six months) Outlay for wages (\$2,378 for four months)	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00 214. 44 420. 00 164. 20 103. 11
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance Interest: Land (\$6,000, at 7 per cent) Building and equipment (\$4,265, interest charged on 55 per cent of total) Investment in supplies (\$2,946.16 for six months) Outlay for wages (\$2,378 for four months) On insurance premiums for building	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00 214. 44 420. 00 164. 20 103. 11 55. 48 4. 90
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Implements (\$860, at \$1.375) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance Interest: Land (\$6,000, at 7 per cent) Building and equipment (\$4,265, interest charged on 55 per cent of total) Investment in supplies (\$2,946.16 for six months) Outlay for wages (\$2,378 for four months) On insurance premiums for building Total for interest	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00 214. 44 420. 00 164. 20 103. 11 55. 48 4. 90 747. 69
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Implements (\$860, at \$1.375) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance Interest: Land (\$6,000, at 7 per cent) Building and equipment (\$4,265, interest charged on 55 per cent of total) Investment in supplies (\$2,946.16 for six months) Outlay for wages (\$2,378 for four months) On insurance premiums for building Total for interest	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00 214. 44 420. 00 164. 20 103. 11 55. 48 4. 90 747. 69 153. 00
Spears Incidentals Total for supplies Depreciation: Building (\$3,000, at 10 per cent) Equipment (\$1,265, at 15 per cent) Total for depreciation Insurance: Building (\$3,000, at \$1.75, 3-year plan) Horses (\$300, at \$0.875) Implements (\$860, at \$1.375) Crop in barn seven months (\$12,000, at \$1.125) Crop in railroad transit two months, at one-quarter pen cent Total for insurance Interest: Land (\$6,000, at 7 per cent) Building and equipment (\$4,265, interest charged on 55 per cent of total) Investment in supplies (\$2,946.16 for six months) Outlay for wages (\$2,378 for four months) On insurance premiums for building Total for interest	3. 00 2. 50 15. 00 2, 946. 16 300. 00 189. 75 489. 75 35. 00 2. 62 11. 82 135. 00 30. 00 214. 44 420. 00 164. 20 103. 11 55. 48 4. 90 747. 69

Permanent investment for 20 acres:	
Land, 20 acres	\$6,000.00
Buildings (curing barn and heating plant)	3,000.00
Two horses	300.00
Agricultural implements	350.00
Cold frames for seed beds	50.00
Baling machine	125.00
Bamboo poles (6,000)	240.00
Thermometers, seed separator, etc	37.00
Canvas shades	60.00
Lumber for seed beds	30.00
Harness	48. 00
Leaf baskets (50)	25.00
Total for permanent investment	10, 265. 00

Cost of producing 1 pound of Turkish type tobacco on a 20-acre farm producing 6,000 pounds.

[Average for seven years ending 1919.]

	Cost.	Per pound.
abor	. \$3,358.00	\$0.56
upplies	. 2.946.16	. 48
upplies Depreciation	489.75	.08
nsurance	. 214, 44	. 04
nterest	. 747.69	. 12
'axes	. 153.00	. 02
reight	. 185. 10	.03
Total production cost	. 8,094,14	1. 34

COST OF PRODUCTION IN MACEDONIA AND THRACE.

The cost of production in Macedonia and Thrace averages \$0.52 per pound. This is for the war and postwar period and is higher than the prewar cost of production. (U. S. consular report.)

"Wages paid to-day to the Turkish tobacco worker, while low compared to those paid in European and other countries, are on the whole sufficient to meet his needs." (Consular report by Consul Pinkney Tuck, jr., at Samsoun, Turkey.)

THE EXCHANGE.

Tariff on tobacco being specific per pound, the tobacco growers of the United States will get no relief from the American-valuation clause in the present tariff. How this affects the home product will be seen from the following table of values of currency of the countries now selling us tobacco.

	Turkish	Greek	Bulgarian	Russian
	pound.	drachma.	lev.	ruble.
Normal exchange Present exchange	\$4.40 .80	\$0. 193 . 054		\$0, 514

"Lately the import of tobacco in the United States has increased due to the fact that the comparative high value of the dollar makes America the best market for near eastern growers." (Near East American, p. 8, issue of July 25, 1921.)

MARKETING CONDITIONS-CONTROL ABBOAD.

Since December 8, 1881, the tobacco industry in Turkey has been controlled by a monopoly known as the "Regie Co-Interesses des Tabacs de L'Empire Ottoman." The monopoly is controlled by French capital operating by the consent and under the protection of the government.

"The Regie has the right to define the areas which can be used for tobacco cultivation, the acreage, and where such cultivation is permitted by its license, the crop remains under the absolute control of the Regie until its maturity. A price for its purchase by the Regie is then fixed. If the grower is dissatisfied with this price, and it is generally quite low, he has then the option of exporting his crop through the warehouse organization of the monopoly administration and under payment of various taxes. This regulation of tobacco is strictly enforced by police supervision and offenders are subject to heavy fines." (Official report to United States Department of Commerce, dated Apr. 30, 1921.)

Imports of leaf tobacco into the territory controlled by the monopoly is prohibited. The monopoly collects a heavy duty or tax on all imports of tobacco manufacture in addition to the regular government tariff. By imposing heavy taxes on imports the Regie has a practical monopoly of the market for its own

products.

EXPORT TAXES.

The export tax on leaf tobacco is 5 plaster per kilo, 10 per cent ad valorem crop tax to the government. (Piaster, normal value, \$0.044; plaster, present value, \$0.008. Kilo=2.2 pounds.)

PARTITION OF TURKISH EMPIRE AND EFFECT ON EXPORT TAXES.

In recent years large sections of the Turkish Empire have passed to other countries. The following tobacco-growing districts have been taken from Turkish control: Sections of Caucasus to Russia; Thrace, Macedonia, Aegean Islands, and Smyrna to Greece; island of Cyprus to Great Britain; west Thrace (part) to Bulgaria; west Thrace (part) to Greece; Syria under French mandate; Palestine under British mandate; Cilicia under French control; upper Armenia to Armenian Republic.

Tobacco export taxes in these districts have been repealed, with the exception of west Thrace, pending the settlement of a territorial controversy between Greece, Turkey, and Bulgaria. The present export taxes in west Thrace vary from 100 to 400 leva per quintal, according to the variety of tobacco, and in addition to this 5 leva for each bale as a statistical duty, besides several small fees. (Normal value of leva, \$0.193; present value of leva, \$0.009. Quintal= 220.46 pounds.) (From a report by His Excellency Van Walderon Baron Rongers, at Constantinople. Submitted to United States Department of Commerce by the American charge d'affaires at Berne.)

In 1918 the Greek Government repealed tobacco export taxes amounting to 17½ cents per pound plus 8 per cent ad valorem, which had been passed as a war measure. This was applied to all exports from Greece proper, Macedonia and the Aegean Islands. Most of our present imports are from these districts. The export tax now in force is 1 per cent ad valorem levied on all exports. (Kelley's Tariff Manual of 1921.)

The Samsoun district of Asia Minor is the only tobacco-producing section of importance now remaining under the monopoly. Since the armistice, however, there has been little, if any, exports from this section, due to the suspension of relations with the Kemalist Government, which is not recognized by the powers.

POLITICAL CONDITIONS AND THE CONTROL OF SUPPLY.

The unusual political and consequent economic conditions prevailing throughout the countries of the Near East have made it possible for a few large purchasing organizations to exercise a practical control over the tobacco available for export. The exports to the United States are controlled by the five legally constructed fragments of the former Tobacco Trust, convicted and dissolved in 1911 by the United States Supreme Court. As a means of promoting competition in the tobacco industry the benefits of the dissolution order have been theoretical. This was predicted by Mr. Justice Harlan, who delivered the dissenting opinion on May 29, 1911:

"I confess my inability to find, in the history of this combination, anything to justify the wish that a new condition should be 'recreated' out of the mischievous elements that compose the present combination, which, together with its component parts, have, without ceasing, pursued the vicious methods pointed

out by the court."

Moreover, through the entente cordiale existing between the combine and the several important European manufacturers, competition in the purchase of the leaf has been eliminated.

In dealing with the natives, commercial bribery and the interference of corrupt Government officials in behalf of the buyers are established institutions.

"There is no very definite time fixed for the purchases made by the richer villagers or brokers. The financial situation of the cultivator and the state of his tobacco regulates the time of such purchases. Nor do any fixed prices exist. The grower, should he owe money, is usually forced to accept the price offered by these two classes of buyers. Thus, tobacco which might fetch the price of 80 cents a pound is often sold at from 60 to 70 cents a pound. This is a result of the fact that the cultivator is frequently in debt to the richer villager or broker and also in need of money. Growers often remain owing large sums on their crops, as the rate of interest demanded is very high, varying from 10 to 25 per cent, with an understanding on the cultivator's part that he will sell the richer villager or broker his crop at a lower price than that demanded, or that he will repay them at an average rate of 5 to 10 cents per 'batman' (1 batman equals 16.92 pounds) when selling to a third party. * * * The village notables play a very considerable part as intermediaries during selling time and the buyers frequently have recourse to their kind offices in endeavoring to secure a reduction of the prices asked by the growers. As a result these notables often benefit by a substantial increase on the sale of their own crops. * * * Irrespective of the pecuniary advances which the Regie Co. agents are in the habit of making to cultivators, the brokers and commission agents advance funds also. The interest on the advances made by brokers and commission agents is 12 per cent (maximum). Even then, as a result of stipulated conditions between the lender and the borrowers, the rate of interest is usually increased and frequently places the cultivator at the mercy of the buyer. Thus the grower, despite his apparently large benefits, is often barely able to sell his tobacco at even a small profit." (Official report to United States Department of Commerce.)

MARKETING CONDITIONS AT HOME.

Prior to the war there were a few independent importers of Turkish-type tobacco in New York supplying the smaller manufacturers engaged in the making of high-grade cigarettes for clubs and private monogramed orders exclusively. Due to unusual conditions fostered by the war, both the independent importers and the small manufacturers gained some ground and strengthened their positions. The combine took careful note of this, and at the first opportunity following the armistice proceeded to eliminate all importations by independents. The plan has been entirely successful. It is a matter of common knowledge in the trade circles that the combination now offers more for tobacco at the point of production than it does in New York.

Purchases in New York are made only when it is offered at a price below the invoice value brought about by forced liquidations by the banks, which in turn have been brought about by the stagnation of the market artificially created by the combination.

This condition, together with the exchange situation, has forced the prices of tobacco, delivered in New York, to about 40 per cent below prewar prices. In many instances the sale price is below actual cost of production.

The result of this new policy of eliminating the independent importer has been reflected in the market of the Levant.

"Information just receive in this bureau is to the effect that the tobacco crisis in Greece is a serious one. Thousands of okes, representing the production of 1918, 1919, and 1920, remain unsold, and unless the Government succeeds in working out its plan of exchanging tobacco for the products of other countries, the industry, which has been one of the most lucrative in the country, will be almost entirely ruined. The production of tobacco in old Greece and the Aegean Islands amounted to 15,270,000 okes (an oke equals 2.8 pounds) in 1919 and 14,105,000 okes in 1920, making a total of 29,375,000 okes. At the end of 1919 the amount which remained unsold, either in the hands of producers or merchants or lying on consignment abroad, amounted to 18,478,000 okes. This last figure includes the unsold tobacco of the 1918 crop. Of the 1920 crop, 11,668,000 okes remain unsold. These figures do not include Macedonian tobacco, very little of which remains unsold." (From unofficial report to United States Bureau of Foreign and Domestic Commerce.)

In this connection it should be mentioned that it has long been the policy of these manufacturers to play one district against another to force a stagna-

tion and consequent slump in prices in any district.

Following the armistice and the importance gained by the Greek premier, M. Venizelos, in the allied councils, a spirit of liberalism swept through the Greek people. Labor unions were formed, and the farmers insisted on receiving fair returns for their products.

To crush this movement, in so far as it affected prices of tobacco, these manufactures shifted their purchases to other countries. The condition cited in the

letter is the direct result of this policy.

THE RELATIVE IMPORTANCE OF TURKISH TYPE TOBACCO TO THE CIGARETTE INDUSTRY.

The consumption of cigarettes in the United States has constantly increased from 408,708,366 in 1880 to 50,448,541,589 in 1920.

The consumption for the first five months of 1921 is 21,448,403,105, which is a net gain of 6 per cent over the corresponding period in 1920. These figures do not include exports.

Statistics for 1919 show that over 95 per cent of our consumption is manu-

factured by the combination.

Over 85 per cent of our total consumption is represented by the so-called blended cigarettes made of the domestic burley or Virginia tobacco with a small percentage of Turkish type for aroma and flavor.

All of the blended cigarettes are manufactured by the combination.

It is reasonable to expect that the independent manufacturers, struggling among themselves for their share of the 5 per cent left by the combination, would manufacture the type of cigarettes enjoying the greatest demand if they could.

The explanation is found in the fact that the small manufacturer is forced to make his purchase of the imported leaf in New York, as the volume of his purchases would not justify his engaging in direct importation.

Purchase in New York always placed him in decided disadvantage as to

price.

This has contributed toward keeping the small manufacturers chronically

small.

The larger manufacturers must necessarily make their purchases in the There the combination is prepared to accept battle in its carefully prepared positions and choose its own weapon, as in the countries of the Near East there is no Federal Trade Commission, no Clayton Act, and no Sherman law to make the battle irksome or prolong it beyond the point of being interesting.

It will be seen that the importance of Turkish type tobacco to the cigarette

industry is not measured by the relative volume in use.

The manufacturers oppose the tariff on Turkish type leaf tobacco not because it materially increases the cost of the leaf to them. It has been demonstrated in previous paragraphs that the repeal of export taxes and the exchange situation absorb the tariff increase of 65 cents per pound. Rather, the opposition is inspired because a tariff which approximates the equalization of costs here and abroad encourages the domestic production and this in turn fosters competition in the manufacturing field.

The development of the domestic wrapper leaf industry brought about a large number of independent cigar manufacturers. Prior to the development of the home supply, the large manufacturers controlled the cigar industry by virtue of their access to the foreign supply controlled by the Dutch combine.

TARIFFS, TAXES, AND THE SMALL MANUFACTURER.

The statement that increased Government taxes on the tobacco industry have operated against the small manufacturer does not hold. Taxes are levied

equally on all manufacturers.

The argument that capital necessary for the payment of taxes places a heavier burden on the small manufacturer of limited capital also fails to be convincing, because the capital necessary for the payment of taxes is in direct ratio to the output of each manufacturer.

WHAT HAS DISCOURAGED THE SMALL MANUFACTURER.

The small manufacturers are forced out of the industry because the primary arteries of the system of distribution are controlled by the large manufacturers.

Prior to the dissolution of the Tobacco Trust competition was eliminated through the control of manufacture. The method of eliminating competition through control of the channels of distribution is of recent development and is the real cause of the retirement of the small manufacturers from the field.

METHOD OF DISPOSING OF THE CALIFORNIA CROP.

From 1906 to 1912 the manufacturers sent their agents to California and made purchases at the various centers of production. This proved unsatisfactory to the growers because the manufacturers applied the same methods of dealing with the farmer as they had practiced in their dealings with the farmers of the Near East.

Prior to 1912 tobacco was largely grown as a side crop on the farms, and for this reason the growers did not know what their crop of tobacco cost them. But when it became generally known that tobacco required land of a type not suited to other crops, the industry was taken up by farmers of the "substantial" type in various parts of the State, and in many cases it was the only crop of the farmer. This class of farmers knew how to keep books and knew what it cost them to raise their tobacco crop.

It was by this type of farmers that cooperative marketing was first resorted to as a measure of defense.

The present method of marketing is along the lines followed by other cooperative associations marketing farm products.

The crops of the farmers are shipped to New York in car lots and negotiations for the sale are conducted by a representative of the association. All selling expenses are levied on the growers pro rata to the quantity owned and the respective amounts deducted from the proceeds of the sale. Each grower is presented with a certified accounting.

No sales have been made since and including the crop of 1919.

POSSIBILITY OF EXPANSION.

Compared with other products of California, the returns from the tobacco crop have been small. Yet the interest manifested in this crop and the demand for the adequate protection of this industry far exceed its present monetary importance.

The governor of the State, the State department of agriculture, newspapers, commercial, civic, and farmer's organizations have gone on record that this industry be given the necessary protection and a fair opportunity to expand.

The chambers of commerce of 25 counties are on record for the protection of this industry because of its peculiar value to the State.

[From an editorial in the Sacramento Bee, May 31, 1921.]

"* * A just amount of protection, however, determinable by Congress, would give the industry a chance to grow, as there are hundreds of thousands of acres in California suitable for tobacco culture. * * * Unlike most other crops, Turkish tobacco does not demand the rich lowlands for its culture. It thrives best on the hillsides that fringe the Sacramento Valley and the smaller valleys. * * * Such a crop as this, for the annual importation is worth \$40,000,000, would be a valuable addition in large acreage to California's products. California should lend her efforts to securing a just tariff rate which will equalize the difference in cost between labor in foreign countries and in this country."

'The land available for the culture of tobacco is far in excess of the acreage necessary for the production of the entire present domestic consumption of this tobacco.

Within seven years California's annual production will equal our present annual imports.

The development of the domestic-wrapper leaf industry brought about the increased consumption of that leaf, while the imports also increased. The protective tariff on Turkish-type tobacco will show the same results.

The Turkish-type tobacco industry has been developed in California under a handicap of comparative production cost here and abroad that might have proved discouraging were it not for the fact that this crop is peculiarly valuable to the State.

First. It requires land that is now largely idle and of no value for the production of other crops. In certain sections, specially along the Coast Range,

most of the land available is of this type and agricultural development in these sections does not at all compare with development in other sections of the State. The extension of the tobacco industry will mean much to these sections and give them a "money crop."

Second. The culture of this tobacco requires all-year-round labor. The peak of labor demand comes at a period when other crops require a minimum of labor.

It furnishes employment in the winter months.

Only real dirt farmers understand what it means to employ seasonal labor, and that at a time when all other crops require that same seasonal labor at that same period.

Third. Tobacco is an annual plant. Unlike fruit crops, which form the bulk of California's production, it requires no heavy initial investment, nor is it necessary for the farmers to wait three to eight years to harvest a crop.

Fourth. All-year employment makes for permanent residents and increases the economic and social value of these residents. The comparatively small investment necessary and the quick returns from the culture of tobacco promotes good citizenship by providing opportunity whereby the sober, industrious farm hand of to-day invests the earnings of his all-year employment and becomes the farm owner of to-morrow.

The ownership of a piece of land is the antidote for the various "isms" of

social and economic nonsense.

All of these benefits have been demonstrated during the 16 years of tobacco culture in California.

California needs this crop and is eager to extend the industry. An adequate protective tariff will remove the only obstacle to expansion.

MEMOBIAL TO THE HONORABLE THE COMMITTEE ON FINANCE, UNITED STATES SENATE, SUBMITTED ON BEHALF OF THE CIGARETTE INDUSTRY OF THE UNITED STATES BY TOBACCO MERCHANTS' ASSOCIATION OF THE UNITED STATES,

The Tobacco Merchants' Association of the United States, a national organization, with a membership of more than 1,480, full paid and in good standing, of the leading tobacco concerns in the United States, consisting of cigar-cigarette, and tobacco manufacturers, leaf tobacco growers and dealers, wholesale tobacconists, tobacco importers and exporters, related trades and supply houses files this memorandum:

PURPOSE OF MEMORIAL.

This memorial protests against any proposed increase in the tariff rates on Turkish tobacco. The House bill now being considered would increase the rates on filler tobacco from 35 cents per unstemmed pound, the rate which has obtained since 1882, to 45 cents per pound, and from 50 to 60 cents per pound, stemmed, with a new proviso that filler tobacco "commonly used without removing the stem," as all Turkish tobacco is used, shall be treated as stemmed tobacco; that is, shall bear a rate of 60 cents per pound, and that "filler tobacco of the kind known as Turkish" shall bear a rate of \$1 per pound. This protest is against any and all increases, and is in insistence that the present rate of 35 cents per pound on Turkish tobacco is adequate.

PROPOSED INCREASE IS NOT INTENDED FOR REVENUE PURPOSES—ANY INCREASE WOULD BE UNWISE.

At the outset, we assume, Congress having but recently passed a tax bill without adding to the heavy taxes already paid on cigarettes, that the proposed increase in the tariff on Turkish tobacco is not intended to produce additional revenue, but rather to protect some tobacco-growing interest.

However, if the tariffs referred to are intended to increase revenue, then we respectfully urge that the taxes on the tobacco industry have already reached the "point of diminishing returns," as is evidenced by a \$40,000,000 drop in revenue from tobacco in the last fiscal year.

We understand that the Treasury Department's experts so advised the Com-

mittee on Finance when the new tax measure was under consideration.

In this connection we cite the case of England, where, in 1920, the tariff on cigars was raised to secure £500,000 additional revenue. One year later the

chancellor of the exchequer, in submitting the 1921 budget, made this significant statement:

"Last year my budget proposal included an ad valorem surtax of 50 per

cent on sparkling wines and cigars. * * *

"I have now to admit that I was wrong. * * * These duties have failed wholly to answer my expectations, and as levied at their present rate they are unremunerative. There is nothing at first sight more reasonable and nothing more universally popular than a luxury tax. But the trouble is * * * if you put heavy taxation upon a luxury people cease to indulge in it, and you lose revenue instead of gaining it. * *

"I estimated that the total receipts would be £1,860,000. The actual receipts have been only £325,000. It is clear that the surtax lowered revenue instead of

raising it and has entirely failed to justify itself."

The £325,000 collected under the additional surtax was about £475,000 less than the amount collected during the preceding year under the old tax rate.

The surtax was promptly repealed, but not until the industry had been practically destroyed.

THE INTERESTS INVOLVED.

Manifestly, if one industry is to be protected at the expense of another, it is only reasonable that we get a fair appraisement of the benefit accruing to the one and the damage done to the other. The interests involved are:

The California interests that seek prohibitive tariffs.

Number of farmers raising tobacco Number of acres under cultivation	
Maximum production of tobacco in peak yearpounds_	
Tobacco on handpounds	2, 200, 000
Alleged value of annual crop at \$1.50 per pound	\$2, 250, 000
Profits looked for at 25 cents per pound	\$375,000

Note.—The above are the maximum figures taken from Mr. Aram's testimony, which figures we believe to be grossly exaggerated.

The American eigerette industry that seeks to be saved from a ruinous tariff on an essential raw material.

Domestic tobacco used annually in cigarettes 1pounds_ Value of annual consumption of domestic tobacco (150,000 000	
pounds at 41.4 cents per pound 1919 prices)	\$62, 100, 000
Tobacco on hand, 3 years' supplypounds_	450, 000, 000
Value of tobacco on hand (at 41.4 cents per pound)	\$183, 300, 000
Acreage needed for cigarette tobacco (at 676 pounds per acre)	221, 893
Imported tobacco used annuallypounds_	40,000,000
Value (before duty payment) of imported tobacco used at 91 cents	•
per pound	\$36, 400, 000
Duties on annual importations of cigarette tobacco	\$14,000,000
Internal-revenue taxes paid annually on cigarettes	\$150,000,000
Annual volume of business (consumers' prices) over	\$500,000,000

The additional duties sought to be imposed at the rate of \$1 per pound would amount to \$26,000,000; and the rate of 60 cents a pound would amount to \$10,000,000, if we are to assume the continued importation of 40,000,000 pounds of Turkish tobacco per annum.

To protect what Mr. Aram claims to be a possible industry with a possible income of \$375,000 a year he seeks further to tax the cigarette industry to the extent of \$26,000,000 a year; that is, to add that amount to the \$150,000,000 of internal-revenue tax, and \$14,000,000 of customs duties that the industry now yields.

¹The whole cigarette industry is involved in this matter, because if the proposed rates be adopted, the industry would be disorganized by the shifting of blends and brand entities. It is true that of the 150,000,000 pounds of domestic tobacco annually used in cigarettes about 104,000,000 pounds are used in the Turkish blended cigarettes; and, if only such would be affected, these figures should be revised accordingly.

The fact is, of course, that the cigarette industry could not pay these additional duties; that there would be disorganization of the industry and that the \$150,000,000 of internal revenue now being collected would be reduced by an amount greater than the proposed tariff would produce.

THE WAR-TIME GREEK EXPORT DUTIES WERE NO FACTOR IN AMERICAN IMPORTS.

These additional duties, if imposed, will constitute and additional tax on the cigarette industry, distributed according to the use of Turkish tobacco by the cigarette manufacturers who continue to use it. It is not true that there have been burdens heretofore imposed on the exportation of tobacco by the Grecian or Turkish Government, which have latterly been lifted, so that the American cigarette manufacturers are able to bear the heavier duties proposed by the House bill. It is true that for awhile during the war the Grecian Government imposed some export duties. These were imposed during the time when it was almost impossible on account of a lack of shipping facilities to secure Turkish tobacco from Greece at all. They were imposed in the spring of 1917, and were repealed in the fall of 1918. They formed a part of the price paid by American manufacturers for their tobacco brought in from Greece. They were included in the average bond value of the Grecian tobacco landed at the port of entry in this country—and yet the average bond value of all the tobacco landed in 1917, during a part of which the said export duty obtained, was 45.8 cents per pound. In 1918 it was \$1.01 per pound; whereas in 1919, when there was no such duty, the average bond value of all the Turkish and Grecian tobacco imported was \$1.077 per pound, and in 1920 it averaged 91.5 cents per pound. When, in 1918, the Grecian Government determined to repeal this small export duty, it refunded to the exporters the amount theretofore collected.

RATIO OF IMPORTED TOBACCO USED IN BLENDED CIGARETTES.

The blends of the various brands of cigarettes are necessarily secret formulæ of the respective manufacturers. Hence there is no official data available showing the percentage of imported tobacco used in the various brands of cigarettes. An official report of the War Industries Board entitled "History of Prices During the War—Prices of Tobacco and Tobacco Products," contains (on p. 8) official figures of the production of the various types of cigarettes in 1917. This

Per	r cent
Pure Turkish	_ '
Turkish blends	
Pure domestic	2

report divides the three general types of cigarettes approximately as follows:

The growth of the Turkish-blended brands of cigarettes has been principally during the last 10 years. The war seriously interrupted importations. But before the war there had accumulated considerable stocks of Turkish tobacco in this country. In the year 1913, for example, there was an importation of 31,000,000 pounds of Turkish tobacco as against a total cigarette consumption of only 15,500,000,000. The importation of Turkish tobacco in 1919 was only 24,000,000, and in 1920, 26,000,000. But, taking all in all, with shipping unimpeded and with no accumulated stocks, it is fair to estimate the present rate of consumption of Turkish tobacco at 40,000,000 pounds.

Taking the percentages of the War Industries Board, based upon a questionnaire issued by the board, and applying these percentages to the 40,000,000 pounds, our estimate of the consumption of Turkish tobacco, it appears that the Turkish tobacco in the Turkish-blend cigarettes is approximately 23 per cent of the whole. Of course, some blends contain less than 23 per cent and others more, but the average appears to be 23 per cent.

MR. ARAM'S CONTENTIONS AND THE REAL FACTS IN THE CALIFORNIA TOBACCO-GROWING SITUATION.

The imported types of cigarette tobacco are essential to the production of at least 78 per cent of the cigarettes consumed in the United States.

The imported tobaccos have greatly stimulated the cigarette business and vastly enlarged the demand for domestic tobacco. While importations of cigarette types of tobacco have increased from about 14,000,000 pounds in 1911 to

46,000,000 pounds in 1919, an increase of but 32,000,000 pounds, the aggregate quantity of tobacco used for cigarettes has grown from approximately 38,000,000 pounds in 1911 to 198,000,000 pounds in 1919, or an increase of 160,000,000 pounds (the complete figures for 1920 not being yet available).

American farmers, other than Mr. Aram and his alleged California "association," fully appreciate the benefit of the imported tobaccos as a means of increasing the demand for their home-grown products. Not one of the 300,000 farmers producing annually over 1,000,000,000 pounds of tobacco (exclusive of cigar types) has demanded, asked for, or even suggested any higher duties on Turkish tobacco.

But Mr. Aram claims that the tobacco raised in California is Turkish tobacco. Assuming, though it isn't true, that the California tobacco is as good as some of the types of Turkish tobacco, what about the great variety of types that they can not produce?

Supposing that a Pennsylvania tobacco grower should find a suitable spot in England where he could raise the Pennsylvania type of fillers, and upon the strength of that demand a prohibitory duty, not alone on the Pennsylvania type of tobacco but on all of the 20 or more distinctive types of American tobacco, what would be the answer to such a demand?

Turkish tobaccos, like American tobaccos, are divided into a number of distinctive types and each type is again divided into various definctive grades. To make a satisfactory blend a variety of types and grades must be used. For example, the Pall Mall brand contains as many as 42 different types or grades of Turkish tobacco.

For an illustration of this point, we refer to the Samsoun type of tobacco and submit a list of the various classes or grades of tobacco raised under that one general type, to wit: Tsarchamba, Kavak, Amassia, Hadjikeuy, Khavza, Ladik, Madjideuzu, Merzifoun, Vizis Kupru, Alatsam, Baffra, Erbao, Karahissar, Endress, Messoudie, Sinope, Guerze, Ayandik, Boyadad, Yeni Khan, Gurun, Char Kichla, Tokat, Nixar, Zele, Unia, Therme, and Fatza.

Each of the above is a distinct grade of tobacco, although they all belong to the same general type known as Samsoun. Similarly, other general types that are imported into this country, such as Smyrna, Cavalla, Xanthy, Salonicas, Thessali, Agrinion, all have a variety of grades or classes.

California growers may be able to produce good tobacco. If so, it will be distinctly California tobacco, and no other type. As Dr. W. W. Garner, of the Department of Agriculture, who is concededly the best expert on tobacco growing in this country, has put it, "California tobacco is California tobacco and nothing else."

Dr. Garner's opinion is borne out by world-wide experience. Very rarely do countries, widely separated geographically, produce the same type of tobacco, although they may seem to superficial or even careful observers to be strikingly alike in their soil or climate. The fact is, as testified by those familiar with much of the territory where Turkish tobacco is grown, and the California territory, that there are differences. California has an abundant yet an irregular rainfall, whereas the rainfall in the Orient is frequent and gentle, seasonal and reliable. California has quick changes and wide extremes in temperature, whereas in the Orient such is not the case.

The American Tobacco Co. in 1908, 1909, and 1910, experimented in California, and the Liggett & Myers Tobacco Co. having in 1911 acquired the San Francisco factory of the American Tobacco Co., continued to experiment for several years thereafter in an effort to produce some sort of substitute for Turkish tobacco. From Mr. Aram's statements, in 1909 the American Tobacco Co., or some local California representative of that company, by circular encouraged California landowners themselves to continue the work. But these experiments absolutely failed.

The tobacco business in all its branches illustrates and proves the fallacy of the contention that identity of seeds means identity of product. Tobacco grown in the Southern States, from the same seed and in the same territory, varies from 65 cents a pound to 16 cents a pound; American shade-grown wrappers, grown by the same company in Connecticut, bring twice as much per pound as those grown from the same seed and by the same method in Florida or Georgia. Yet Mr. Aram desires us to believe that he can bring seed over from the Orient and produce in California every type and every grade of tobacco grown in Greece or Turkey, and that, with tariff protection, they could be easily and readily substituted by cigarette manufacturers for Turkish tobacco.

Mr. Aram's point of view in this regard is shown by a sentence in his testimany before the Finance Committee:

"I do not think the buying public can tell the difference between third rate and first rate Turkish tobacco."

Apparently he builds his whole case upon this supposition, which requires no comment. Surely the cigarette manufacturers, who have developed a business of 50,000,000,000 cigarettes a year, must have learned that the consuming public can tell the difference or they would have put into their cigarettes nothing but domestic tobaccos instead of using high-priced imported tobacco and paying a duty thereon besides.

The suggestion by Mr. Aram that large cigarette manufacturers have some sinister motive in not using California grown tobacco in substitution for Turkish tobacco is absurd. None of the cigarette manufacturers owns an acrost Turkish ground; none of them is enamored of doing business in Turkey: none of them has any interest other than the securing, without embarrassment and at fair cost to it, raw material for its product. Most of the large manufacturers have well-established brands whose sales amount to billions of cigarettes annually. Some of the large manufacturers have experimented at some time with California tobacco, and none of them has found it satisfactory. None of them would dare substitute it for the Turkish tobacco in any of their valuable and well-known brands.

California tobacco growers, if they have a product that is usable in cigarettes, have always their normal and natural opportunity to establish their tobacco with the numerous new brands being constantly gotten out by small manufacturers. In the last year or two they have had an unusual opportunity if their tobacco had merit, because in the last year or two many of the strong, well-known tobacco manufacturers, such as Bloch Bros., of Wheeling: Lazrus & Brother Co., of Richmond; Bagley, of Detroit; Scotten Dillon Co., of Detroit, have gone into the cigarette business with ample capital, and with experienced tobacco men. Undoubtedly every one of them is making a blended cigarette. Undoubtedly also they could have bought the 1919 and 1920 crop of California tobacco, which Mr. Aram says none of the large dealers would buy at substantially less than they had to pay for their Turkish tobacco. Why didn't they in making new blends for their new cigarettes try the California tobacco?

OUR REQUIREMENTS OF TURKISH TOBACCO AND THE PRODUCTION OF CALIFORNIA TOBACCO.

As against our average requirements of about 40,000,000 pounds of Turkish tobacco per annum, the largest crop, according to Mr. Aram's latest figures, ever produced in California, was that of 1919, which amounted to 1,525,000 pounds. Surely 1,500,000 pounds can not meet a requirement of 40,000,000 pounds. But we have reason to doubt Mr. Aram's figures. We rather believe that the figures that he submitted to the Committee on Ways and Means are less wide of the mark than those he now presents. Here are the two sets of figures:

	Mr. Aram's figures sub- mitted to the Senate committee.	Mr. Aram's figures sub- mitted to the House committee.		Mr. Aram's figures sub- mitted to the Senate committee.	Mr. Aram's figures submitted to the House committee.
1906 1907 1908 1908 1909 1910 1911 1912 1913 1914	30,000 37,000 300,000	500 pounds. No figures. Do. Do. 300,000 pounds. No figures. Do. Do. Do.	1915	Pounds. 500,000 800,000 498,000 1,525,000 700,000 48,000	No figures. Do. Do. Do. 1,000,000 pounds. No figures.

However, both of these statements seem to be wrong. On August 24 last we wired the College of Agriculture, Agricultural Experiment Station of California. as follows:

"May we not ask you to furnish us with such data, information, or statistics as you may have in regard to tobacco growing in your State?"

The following is the reply:

"California tobacco acreage 1919 was 700 acres. Quantity harvested, 489 to 941 nounds. Value, \$284 to \$166.

"EDWIN C. VOORHIES."

It will thus be seen that in 1919, instead of raising 1,000,000 pounds, according to Mr. Aram's first statement, or 1,525,000 pounds, according to his most recent statement, there were cultivated only 700 acres, producing between 480 to 941 pounds per acre, or a total of 658,700 pounds, according to the maximum Taking the mean figure, the yield would only amount to 500,500 pounds.

Since Mr. Aram has failed to give the source of his information, we must, of course, accept the official figures from the authoritative source referred to.

The insignificance of the industry is further shown by letters and records quoted in the appendix hereto.

THE PRESENT DUTY ON TURKISH TOBACCO AFFORDS MORE THAN A SUFFICIENT DIFFERENTIAL TO PROTECT CALIFORNIA TOBACCO.

Notwithstanding Mr. Aram's varying statements as to the prices paid for Turkish tobacco, which at one point of his testimony he mentioned as 15 to 30 cents per pound, contradicting himself with equal emphasis in the latter part of this testimony, where he stated that what he meant was that the cost of producing tobacco on the other side was 50 cents per pound, the official records of the customhouse department (Foreign Commerce and Navigation Reports) show that the average price paid for Turkish tobacco, even under the declining prices in 1920, was 91.5 cents per pound, besides a duty of 35 cents, which brings it up to \$1.265 per pound.

But Mr. Aram claims that it cost \$1.34 per pound to produce tobacco in California, and he submits pages of detailed figures purporting to show the itemized

cost of production in substantiation of his assertion.

Mr. Aram does not give the source of these figures. However, it is entirely unnecessary to enter upon a discussion of the figures submitted by him except to refer briefly to one or two outstanding facts which throw much light on the

For instance, among the items of "Permanent investments" he gives the value of 20 acres of land at \$6,000, which equals \$300 per acre. In his testimony before the committee, in response to Senator Reed's question, he stated that the tobacco land in California is worth "from \$100 to \$250 an acre"; also that the land "is not good for anything else except grazing."

Apparently when Mr. Aram prepared that statement he overlooked the fact that Californians sold their 1918 crop at a time when, according to his own statements, the manufacturers bought everything they could get a price ranging between 25 cents and \$1.25 per pound, and that the farmers were seemingly so happy over it that the following year, to wit, 1919, as appears from his own figures, they nearly doubled their crop. Surely, if the farmers had lost money on the 1918 crop at \$1.25 per pound (maximum price), they would have held back in raising tobacco again in 1919, instead of doubling their crops.

Yet Mr. Aram desires to make us believe that it cost \$1.34 per pound to pro-

duce tobacco. His cost statement is based on a production of 302 pounds per acre, and here again Mr. Aram seems to be in error, for it appears from the telegram of the California Agricultural College heinabove quoted that the yield is from 489 to 941 pounds per acre, and that the value of the crop is from \$166

to \$284 per acre, which makes from 30 to 34 cents per pound.

Mr. Aram is careless in his figures. This was clearly demonstrated in his testimony before the committee when, in response to Senator Reed's questions, he testified that there are employed an average of 9,000 laborers for a whole year to cultivate and produce the California tobacco crop. But when he was asked how 9,000 laborers can be paid from the proceeds of a crop the entire cost of which, even at \$1.25 per pound, would be about \$875,000, he explained: "I do not know what these men will get, but our association is conducted in this way," following it with a recital of the methods of his association. This was the only explanation he could give for his statement. To pay 9,000 laborers involves a cost of \$2,700,000, figuring only at the rate of \$1 per day.

With the average price paid for Turkish tobacco at 91 cents per pound, plus a duty thereon of 35 cents per pound, the California tobacco, whatever it may

be, is more than sufficiently protected.

The highest average price paid for c'garette tobacco grown in the United States during war days was 41.3 cents per pound; while the average price for tobacco imported from Greece and Turkey, even under the present declining market, is 91 cents per pound, and to that must be added the duty of 35 cents per pound, making an average price for the imported tobacco. \$1.25 per pound.

Manifestly, if they can not produce tobacco in California to compete with Turkish tobacco costing \$1.26 a pound, while the average highest price that domestic cigarette tobacco was ever sold for was only 41.3 cents per pound, they can not produce any tobacco on a commercial basis, for it must be self-evident that if the cost to produce such tobacco is prohibitive it can not be used as a commercial article.

Producing an article is one thing, and producing it on a commercial basis is quite another thing.

The great bulk of Turkish tobacco is used, not in the manufacture of pure Turkish cigarettes, but in the Turkish-blend cigarettes, i. e., the cigarettes that retail to the consumer at 20 for 20 cents and are sold by the manufacturer at \$7.06 per thousand, which includes the internal-revenue taxes, or \$4.06, which excludes the internal-revenue taxes.

It must be perfectly apparent even to a layman that no manufacturer can afford to use tobacco costing about \$2 per pound (which would necessarily be the approximate cost under the proposed increased tariff), in cigarettes that he sells at \$4.06 per thousand and which take on the average 3.75 pounds of tobacco, even though only 20 per cent of it is of the imported type.

MB. ARAM'S COMPARISON OF ENGLISH AND AMERICAN PRICES.

Mr. Aram repeatedly claims that American cigarettes are sold in England at lower prices than they are sold for in this country, although the taxes in England are higher than in the United States.

To substantiate his statement, he tells us that a cigarette made of pure Virginia tobacco sells in England at 10 for 10 cents. It is true that in this country some pure domestic cigarettes are sold as high as 10 for 10 cents, but it is equally true that we are also selling in this country blended cigarettes containing an average of over 20 per cent of Turkish tobacco at 20 for 20 cents, the maximum price, the same cigarettes being sold in some stores as low as 20 for 15 cents.

But Mr. Aram has overlooked the fact that there are not less than three national brands on the market now, such as "One-Eleven," "Beechnut," and "Sunshine," that are retailed at 20 for 15 cents, for which the manufacturers receive a net price, minus the taxes, of but \$2.30 per thousand.

Laying special emphasis on his assertion that the American brand "Melachrino" cigarettes are sold in England for 1 cent a package less than they are sold for in this country, he has ignored the important fact that the "Melachrino" cigarettes that are sold in England are made in England and not in this country.

Another most significant fact that he did not seem to recognize is that the cigarettes made in England or those made in the United States for the English market are substantially smaller in size and take nearly a pound of tobacco less per thousand than those sold in the United States. This means a difference not only in the cost of tobacco, but as the English taxes are levied at so much per pound, whether on raw tobacco or on the finished product, a difference of 1 pound of tobacco or thereabouts means a difference of about one-third of the taxes on a thousand cigarettes.

As a matter of fact, the tax on Melachrino cigarettes, plus the duty on the Turkish tobacco used therein, made in this country, amounts to about \$4.20 per thousand, while the duty on the tobacco in the same cigarettes made in England amounts to 21 shillings, or about \$4.20 in American money. There is no tax on the cigarettes, other than the duty paid on the tobacco, in England.

Furthermore, the price of Melachrinos in this country is not higher than the price in England, for they sell in the United States at from 15 to 20 cents a package, whereas in England they sell at a minimum of 1 shilling per package.

Pall Mall cigarettes are a high-class pure Turkish cigarette of insignificant volume as compared with the whole cigarette business in this country. In this country the brand belongs to the American Tobacco Co. In England the same brand belongs to the Imperial Tobacco Co. It so happens that a good many cigarette brands well known in this country are owned by an entirely different proprietor in England and certain other foreign countries. Naturally the manufacturer in England uses such blends and formula as he sees fit, and the English cigarette is habitually of lighter weight and generally of different blend than the American cigarette of the same name.

The American Tobacco Co. furnishes a few—not exceeding one-half million a year—Pall Mall cigarettes to the Imperial Tobacco Co. for sale at places frequented by Americans in London, simply and only for advertising purposes. The prices obtained by the English company, who takes them from the American Tobacco Co. at cost, is entirely unimportant to the American Tobacco Co.

We do not believe that any American manufacturer is consciously selling his product in foreign countries at a lower rate of profit than in this country. Normally and because of the high tariffs in foreign countries on imported manufactured goods there is no considerable export business on American-made cigarettes. There are two temporary situations that should be taken into account; one is that during and just after the war there was a large exportation from America of cigarettes of well-known American brands, and on a basis of profits entirely satisfactory. The American Tobacco Co., for instance, states to us that it exported in the calendar year 1920, 1,404,000,000 cigarettes and that its total exportations in the calendar year 1921 up to December 1 was only 68,737,000. A second consideration is that if Mr. Aram, or even a more reliable investigator, made inquiry as to brands in London and other European cities to-day he would be likely to find Pall Mall selling as low as 6d, and other cigarettes on a proportionate basis. This is due to the sale at auction by foreign Governments of the surplus stocks of depreciated goods on hand as the result of overpurchases for war purposes.

The decreased duties were inserted in the House bill without hearing the cigarette manufacturers and without affording them an opportunity to present

the real facts in the situation to the committee.

As stated by Mr. Parker before your honorable committee, and as admitted by Mr. Aram in his testimony, Mr. Aram did not appear at the public hearing before the Ways and Means Committee when the tobacco section was scheduled to be heard, nor had the cigarette industry received any intimation of Mr. Aram's activities until his memorandum was accidentally discovered by the writer printed in the miscellaneous appendix, Part VI of the hearings (p. 4439).

It is our firm belief that had the cigarette industry had an opportunity to present the real facts in the situation before the Committee on Ways and Means or its subcommittee in charge of the tobacco schedule the fallacy of Mr. Aram's contentions would have been conclusively established and the old tariff rates on imported cigarette tobacco would have remained unchanged.

CONCLUSION.

We believe that it has been clearly demonstrated:

That Turkish tobacco has been of great benefit, not only to the cigarette industry, but to the domestic tobacco-growing industry.

That no substitute for the Turk'sh types of tobacco can be raised in Califernia, or in any other part of this country.

That the increased duties passed by the House can not but spell disaster to our cigarette industry.

That aside from Mr. Aram, who claims to speak for an alleged Californ'a Tobacco Growers' Association, no American tobacco grower has asked for additional protective duties on Turkish tobacco, or on any other filler tobacco.

And we respectfully urge with all possible emphasis at our command that the great American cigarette industry, with investments of many millions of dollars, using about 150,000,000 pounds of domestic tobacco grown by American farmers, and contributing \$150,000,000 a year in internal revenue taxes alone, should not be jeopardized, and that its immensely valuable trademarks and property rights should not be destroyed simply for the purpose of affording protection to a few farmers who have been unsuccessfully experimenting in raising a substitute for Turkish tobacco in the State of California.

On behalf of the more than 1,480 members that we represent, and on behalf of 200 smaller cigarette manufacturers who manufacture practically nothing but pure Turkish cigarettes, we most earnestly protest against the increased duties provided in the House bill.

All of which is respectfully submitted by

TOBACCO MERCHANTS ASSOCIATION OF THE UNITED STATES, By Chas. Dushkind, Secretary and Counsel.

NEW YORK CITY, N. Y., December 12, 1921.

Note.—The references to Mr. Aram's testimony were taken from the original transcript of the stenographer's minutes, the revised or printed record not being available at the time of this writing.

APPENDIX TO MEMORIAL OF TOBACCO MERCHANTS' ASSOCIATION PROTESTING AGAINST INCREASED TARIFF ON TURKISH TOBACCO.

QUOTATIONS FROM LETTERS.

From a letter of Mr. W. H. Alston, president of the Alston Tobacco Co., who has been engaged in the Turkish leaf tobacco business for the past 21 years, both as an importer and as a buyer of Turkish tobacco for some of the largest

American cigarette manufacturers:

"Shortly after the purchase and manufacture of Turkish tobacco was inaugurated, experiments were started in various States of the Union in an endeavor to produce similar types. To this end, Turkish tobacco seed was brought to the States and I was instrumental in having experienced tobacco farmers cultivate tobacco grown from this seed in Pennsylvania, Ohio, Maryland, Kentucky, North Carolina, and Virginia. I was particularly interested in these experiments, being a native-born North Carolinian. The results, however, were very disappointing and may be summed up without exaggerations thus: In no instances did the highest grade of tobacco produced in this manner in any of these States equal in quality the lowest grades of tobacco grown in Turkey.

"At this point, it should be emphasized that the lower grades of Turkish tobacco are not imported into the States, being themselves quite unsuitable for

American manufacturers.

"The proportion of tobacco grown in Turkey entirely unsuitable for American usage is at least 40 per cent, but we consider even these qualities as being very much superior to any substitute Turkish tobacco capable of being produced in

this country.

"In 1908 I was instrumental in carrying out experiments for a similar purpose in California. An attempt was made to reproduce Turkish tobacco grown from Turkish seed in California, a farm having been leased in Exeter, Calif., with the idea of producing a quantity of about 40,000,000 pounds. I was then associated with The American Tobaccoo Co., and the latter company spent a considerable amount of money on this experiment, and personally I superintended the execution of this plan. It was our idea to spare neither expense nor trouble in the endeavor to produce 'Turkish' tobacco in the States, thereby to avoid the necessity of establishing a large and necessarily expensive organization in the Near East.

"The result of the experiment was certainly more fortunate than those conducted in the other States mentioned heretofore, but the fact still remained that the highest quality produced in California was not equal to the lowest grades of Turkish, which themselves are considered of too inferior a quality for the

American market.

"The climate of California is unsuitable for the cultivation of Turkish tobacco because, briefly, the extremes are too pronounced.

"When it is dry, it is too dry, and resort has been had to irrigation, which is itself unnatural, and is unsuited to tobacco cultivation. After the tobacco is cured and in storage, the rainy season is so pronounced that the tobacco is

in continual 'soft' order with the result that mold develops.

"It may be pertinent at this point to introduce a few facts regarding Turkish tobacco and the California substitute. There are at least 25 different types and grades of the so-called Turkish tobacco imported into the United States not to mention quite as many more which do not come to this country, but are consumed in Greece and Turkey and in different countries in Europe and else-The 25 grades imported to the United States are each distinctive and when blended together make the finished Turkish cigarette. When the blend of Turkish tobacco is itself blended with domestic tobacco, then you have what is known as the Turkish blend cigarette. Substitute Turkish tobacco grown in various parts of the United States, California included, grades, I should say. into about three qualities only. Even these three qualities are very similar. Is it not obvious therefore that one can not make as satisfactory a blend with three grades (all more or less a sameness) as is possible with no less than 25 types, each one quite distinctive?"

In a recent letter of the Liggett & Myers Tobacco Co., one of the largest users of Turkish tobacco in this country, the company has made the following state-

ment:

"In the year 1911, the American Tobacco Co. furnished Turkish tobacco seed to a few farmers, Armenians or Greeks, as I recall, residing in the hill section of California between Sacramento and San Francisco, and gave them instructions as to the cultivation and curing of the tobacco. A percentage of the tobacco raised from that seed, although of coarse texture, had a Turkish flavor. It was decided therefore to continue the experiment and this was undertaken by the John Bollman Co., a branch of Liggett & Myers Tobacco Co., located at San Francisco. From 1912 to 1918 we purchased a total of approximately 150,000 pounds of this tobacco. We became convinced that the soil there was not adapted to the cultivation of Turkish leaf; that the variation in temperain the middle of the day prevented the tobacco from ripening and curing properly. Its texture was coarse, it was lacking in Turkish flavor, was of poor burning quality and in many instances of decided rankness. We could use with some risk only about 1 per cent in a cigarette in which several different varieties of tobacco were blended. Experts do not believe that Turish tobacco can be grown successfully in that climate. After the tobacco was supposed to have been air cured, it had to be dried in a machine in order to prevent its complete damage. The experiment was costly to us and we decided that under all the circumstances, it was best to discontinue it."

The Gensior Tobacco Co., another concern for many years engaged in the business of importing Turkish tobacco on a large scale, has this to say in a

letter recently written to us, to wit:

"We purchased several thousand pounds of this tobacco at 30 cents a pound for one late large cigarette company in this country who decided to try this tobacco with Turkish for the same reason of saving the duty, and found same to be unsatisfactory, leaving them with most of this tobacco on hand at the present time.

"We were offered about a million pounds or more of this tobacco at 50 cents, which we rejected, and which is now still lying in New York in the hands of one Armenian by the name of Aram, who has since approached us several times to make him any kind of a reasonable offer to try to work this off for them on any basis that we might suggest, and we have declined this also, because there is no demand for this character of an inferior substitute for Turkish tobacco at any price. With all of this so-called Turkish California lying in New York and the scarcity of good Turkish tobacco, we can not dispose of this California tobacco.

"Some of the Armenians who raised this California Turkish came here and persuaded some little manufacturers, leading them to believe that Turkish California can be mixed with the genuine and thus save the duty and make a 100 per cent Turkish cigarette. This leads to the public being misled and fooled into a mixed Turkish for pure Turkish and charging the price as if it were all Turkish, which is, of course, wrong. Turkish tobacco at any price could never be substituted by California tobacco."

Mr. Aram, in attempting to magnify the extent of what he calls the tobaccoraising industry in California, mentions the following counties where tobacco has been produced, to wit: Yolo, Fresno, Tulare, Santa Clara, San Joaquin,

Kings, Sacramento, Los Angeles, and San Diego.

In 1917, when, due to embargoes and other reasons caused by the war, it was impossible to secure the required supply of Turkish tobacco, we made extensive inquiries as to the production of the Turkish type of tobacco in California, and in this connection we quote herein from letters received from the Department of Agriculture and chambers of commerce in the various counties mentioned, which speak for themselves:

SANTA CLARA COUNTY.

[From the Consolidated Chamber of Commerce of the city and county of Sacramento, Nov. 15, 1917.]

"This tobacco was grown in the counties of Tulare, Santa Clara, and Fresno, also Los Angeles, but at the present writing it has not been of sufficient commercial value to continue.

"The county of Sacramento raises absolutely no tobacco, not because of the adaptability of the soil but owing to the fact that other crops of a commercial value can be raised instead of the tobacco."

TULARE COUNTY.

[Form the United States Department of Agriculture, Bureau of Plant Industry, Washington, D. C., Nov. 5, 1917.]

"In reply I may say that considerable interest was aroused by experiments carried out a few years ago in Tulare County, Calif., looking to the production of Turkish tobacco. We understand that these experiments were furthered by the John Bollman Co., of San Francisco. More recently tests have been made in the States of Washington and Oregon and also in California, with a view to growing tobacco merely as the source of spraying material required by orchardists in combating destructive insects."

[From the United States Department of Agriculture, Bureau of Crop Estimates, San Francisco, Calif., Nov. 15, 1917.]

"A few years ago considerable Turkish tobacco was grown in the San Joaquin Valley, Calif., I think largely in Fresno and Tulare Counties, but so much trouble was experienced in marketing the same that its cultivation was discontinued."

KERN COUNTY.

[From the Kern County Board of Trade, Bakersfield, Calif., Dec. 4, 1917.]

"Replying to your recent communication, I wish to advise that there are a number of places in Kern County where they are raising tobacco in an experimental way or for their own use. There is no tobacco raised here commercially "

SAN DIEGO COUNTY.

[From the San Diego Chamber of Commerce, San Diego, Calif., Dec. 27, 1917.]

"Answering your favor of December 14, in reference to the raising of Turkish tobacco in this section, will state that three years ago a gentleman from Turkey, interested in growing Turkish tobacco in this section, brought some Turkish tobacco seed to this chamber. The seed was distributed to interested farmers in the back country. Endeavoring to promote the production of the tobacco a prize was offered for the best sample submitted. A few experimented that year, and of the samples submitted one won a prize of \$10.

"Since that time the matter seems to have gone by default, as we have been unable to learn of any parties who are growing the tobacco in this section now."

LOS ANGELES COUNTY.

[From the United States Department of Agriculture, Bureau of Crop Estimates, San Francisco, Calif., Jan. 12, 1918.]

"I inclose herewith copy of letter from Mr. J. D. Culp, which is self-explanatory."

[Letter of J. D. Culp, Pacific Grove, Calif., Jan. 11, 1918.]

"There are only two parties that I know of that grew any. Mr. J. M. Goode whose address is Rodondo, Los Angeles County, raised a small quantity, and Mr. Lesher, Thirty-eighth and Moneta Streets, Los Angeles, has raised a small quantity for the past two years, and he has it on hand now. He sent samples of it to the different tobacco markets back East, and couldn't obtain any offer for it at all. It is not fit for commercial use. It is like all other tobacco that ever has been grown in California, that has been cured by the same methods that are used in other tobacco-growing States of the Union."

KINGS COUNTY.

[From the Kings County Chamber of Commerce, Hanford, Calif., Nov. 19, 1917.]

"It was raised a few years ago, but for the lack of a market it was only raised one year."

STANISLAUS COUNTY.

[From the Modesto Chamber of Commerce, Modesto, Calif., Nov. 23, 1917.]

"* * beg to advise that several years ago there were experiments carried on in the raising of tobacco in the city of Turlock, this county, but the same did not prove successful on account of the flavor of the tobacco."

FRESNO COUNTY.

[From the California Development Board, San Francisco, Calif., Nov. 27, 1917.]

"* * a few years ago an attempt was made to grow Turkish tobacco in San Joaquin Valley, particularly in Fresno County, but for some reason the activity has greatly decreased and we do not believe at this time that it is being grown commercially."

STATEMENT OF E. PENDAS, ESQ.

Senator Smoor. Mr. Pendas, before you begin your statement I

want to ask you a question for my information.

In the tariff act of 1909, and also in the tariff act of 1913, wrapper tobacco and filler tobacco, when mixed or packed with more than 15 per cent of this wrapper tobacco, then the duty was imposed. The House bill now pending here provides that wrapper tobacco and filler tobacco, when mixed or packed with more than 50 per cent of wrapper tobacco, then the duty is imposed. Is not that a protection for you?

Mr. Pendas. We do not believe that is fair. We do not believe that is fair to the Government, and we do not believe the Government will receive full value in wrapper tobacco, on account of the packing of wrappers in Cuba, that a full bale of wrapper tobacco will ever come

into the United States.

Senator Smoot. Under the 50 per cent provision?

Mr. Pendas. Yes, sir.

Senator Smoot. Explain that. I can not see the reason why. Nobody has touched that question. I wish you would explain it, be-

cause I understand you are a tobacco man.

Mr. Pendas. The island of Cuba does not produce wrappers quite as uniform as those that are used in this country or some other parts of the world from which wrappers are imported. The people who pack the tobacco in Cuba have never in my experience packed a bale of wrappers that contained 100 per cent.

Senator Smooth. The provision in the House bill is 50 per cent.

Mr. Pendas. The farmer as a rule packs the tobacco himself. Practically every farmer in Cuba has a pretense of ruined wrappers, and he gets out so-called wrappers whether they are wrappers or not. Many of them are not wrappers. The packing is most deficient.

I have seen a very considerable portion of almost all of the imported Habana tobacco of the 1920 crop. A good deal of it contained over 25 or 30 per cent at least of wrappers that, if put in cigars, would be unmarketable.

Senator Smoot. The provision here allows you 50 per cent, and

you say 30 per cent.

Mr. Pendas. Yes, sir. I say even the best bales would have that much thrown out.

Senator Smooth. This allows you 50 per cent.

Mr. Pendas. Yes, sir; this allows us 50 per cent, but my ideas on the subject—it may not be uniform; manufacturers and importers are even far apart themselves on this, but everyone getting a bale of tobacco has in mind the use that he can put it to. Consequently, very few people agree on the same percentage in a bale. It would be very difficult to arrive at that.

But, as I stated before, there is not a bale of Habana wrappers that does not contain a great portion of tobacco that could not

possibly be used as wrappers to be sold on cigars.

Senator McCumber. What percentage would you say?

Mr. Pendas. It varies very much.

Senator McCumber. But can you not give a general average?

Mr. Pendas. As I said before, the best bales in Cuba that I have seen in the last few crops—and I have seen some of the best—contained not less than 25 to 30 per cent that was unfit for wrappers.

Senator McCumber. What would the average bale contain that

would be unfit for wrappers?

Mr. Pendas. I could not figure that.

Senator McCumber. Would it be more than 50 per cent, in your judgment?

Mr. Pendas. Many of them; yes, sir.

Senator McCumber. Would it average more than 50?

Mr. Pendas. The majority would.

Senator McCumber. Then you mean it would average more than 50 per cent?

Mr. Pendas. The majority would. Senator McCumber. Very well.

Senator Smoot. Thank you for your statement.

Senator McLean. Is not this tobacco assorted and the wrapper duty assessed upon the wrapper portion and the filler duty upon the filler portion?

Mr. Pendas. It has been so far.

Senator McLean. It has been so far? What would be the result under the new law? Would it not be assorted under the operation of the new law?

Mr. Pendas. I expect so; but, as I stated before, I do not believe that a full bale of wrappers would be imported from Cuba—a 100 per

Senator McLean. I understood you to say at the opening of your remarks that you disapprove of the change because it would not be fair to the Government?

Mr. Pendas. I don't think it would.

Senator McLean. Why?

Mr. Pendas. Because my opinion is that a good many of these bales would not be uniform throughout the United States, with the different climates and the different views.

Senator McLean. Let me ask you a plain question: Is it your idea that wrapper tobacco would be brought in under the filler duty?

Mr. Pendas. I don't know.

Senator McLean. Is not that what you mean?

Mr. Pendas. I can not make that assertion.

Senator Smoot. I do not agree with you that the 15 per cent in the existing law is unfair to the Government.

Mr. Pendas. To a certain extent it might be.

Senator Smoor. I do not see that to raise that percentage would be unfair to the manufacturer of tobacco. That is why I wanted you to tell me why the 50 per cent is too high—if it is too high, and I think you have stated it is too high. I rather think so, too, but not that the 15 per cent is too low.

Mr. Pendas. In my individual opinion, 50 per cent is too high, because I believe it will leave the door open to return too many bales.

Senator Smoor. I think we understand your position on that.

Senator Flercher. You think 15 per cent is too low?

Mr. Pendas. I think that is rather low.

Senator Fletcher. What would you make it?

Mr. Pendas. My candid opinion, Senator, is that 35 per cent would be high enough.

Senator Smoor. Thirty-five per cent?

Mr. Pendas. That is my opinion.

Senator Smoor. I wanted to get your opinion on it.

Mr. Pendas. Gentlemen, our purpose as manufacturers in appearing before the Senate committee is to, if possible, demonstrate to you the situation with which we are confronted. We will confine our remarks to Schedule VI, paragraphs 601 and 602. We believe that with this schedule, with these paragraphs, adopted as it now reads, would result in serious loss to the Government of revenue and would do considerable harm to the industry as we know it.

We do not know and are not entirely familiar with all classes of cigars manufactured in the United States, but we are thoroughly familiar with the conditions existing in our section of the country; that is, the State of Florida. We see the cigar industry to-day with the radical changes that have taken place in the last two years, and it

is a sick patient. It is a very sick patient.

We have at the present time no means of ascertaining what the conditions are going to be, for no man can tell what the future has in

store, much less in business with these changed conditions.

Up to 1917 the production in our section of the country was about 80 per cent, between 80 and 85 per cent, of cigars that retailed at 10 cents or two for a quarter, leaving little more if any than 15 per cent of cigars to retail at a higher price than two for a quarter. With the changed conditions since 1917, the enormous cost of material, as I stated it before, with the additional cost of everything that goes to place a cigar on the market, with the raise in taxes from \$3, that was the general revenue for all kinds of cigars manufactured, to cigars selling up to 10 cents, \$9 a thousand, as you know; from 10 to 15 cents, \$12 a thousand, and from 20 cents up at \$15 a thousand. This change alone has brought this condition about so that the cigars that are manufactured, even in the clear Habana—and that is what I am referring to particularly—the cigar that sold at 10 cents has disappeared, and since 1918 the two for a quarter has been negligible. The public accepted but very few, a negligible quantity of them. They were not worth the money, from the consumers' standpoint, and we believe they were not worth the money, so little could we give for that

Under the changed conditions and under the abnormal circumstances, the prosperity of the country, with the workingmen making

the money they were making for a year and a half, at least, the manufacturers did not miss the 15-cent or the two for a quarter production very much, because for the 15-cent size sufficient demand prevailed to

make us forget for the time being those conditions.

But, unfortunately, on the 14th day of April, 1920, the 12,000 or 13,000 employees in the cigar factories struck. They were not well enough and wanted to be worse, and struck, demanding a recognition of the union. That strike lasted 10 months. In that 10 months the economic conditions of the world unfortunately reached the United States, and when the workers came back to our factories they thought, as we had not changed the prices, as we had promised to maintain the same wages as those with which they went out, they came back hoping the world was the same, at least.

It appeared to be so for a few weeks, but having been out of the market for 10 long months, the conditions in the meantime having changed, metaphorically, our orders began to be canceled. Sixty days after the doors were opened we found we could not keep on employing the same number of men. A reduction took place in great numbers, and all throughout the summer and early fall. as Senator Fletcher has stated, we were not working in the clear Habara factories 50 per cent not 40.

Habana factories 50 per cent, not 40.

In the last part of July we had to offer the workingmenta reduction in wages, which they accepted, although it did not leave a very good feeling. They claimed it was as high as 40 per cent, and as we figured it out it was 17 per cent, approximately. That is as near as

figures would make it, about 17 per cent.

That 17 per cent reduction, gentlemen, we found that we had to lower our prices, conditions being as they were in the country, and reduce the price of our cigars. We were not making a 10-cent cigar clear Habana, and no manufacturer can produce it with the present conditions, because we have bought tobacco at the highest prices, I imagine, I will repeat once more, for the 1920 crop. Having had a strike during 1920, practically since the 14th of April, we did not use that tobacco.

In 1920, when we started to work and business fell off so materially, the manufacturers had a whole lot of that tobacco on hand. It is not possible for any man that I know of—and I wish if there is anyone he would controvert it—that can manufacture the clear

Habana cigars to retail at 10 cents.

We found other conditions. We cut out 80 per cent of our normal business before 1917, when we cut out the 10-cent and two-for-a-quarter sizes that constituted the 80 per cent. Without these two priced cigars that were the popular cigars with the masses and with the middle classes, we found ourselves situated so that our factories would soon be for rent. We tried to arrive at some way of giving the public some size. The 10-cent size had to be absolutely discontinued. I don't know of anybody that could produce a long-filler clear Habana cigar to retail for 10 cents.

With the idea that we might sell the 10-cent cigar, but if we wanted to show a semblance of staying in business we had to do something with the two for a quarter. We studied that proposition as best we could, and we found that to produce a standard clear Habana cigar, the same as it was made in the first-class cigar factories in

the United States as it is made in Cuba—and we claim we make as good cigars in this country as they make in Cuba, and sometimes the American public found it out by their patronage of the reputable clear Habana factories in this country—we found on close examination that with the cost of material, with the cost of labor—because we didn't bring labor down to the prewar prices—labor was cut about one-half of the raise we had made. We didn't want to take the whole hog, because the cost of living had not come down to that level, and we were as reasonable as we possibly could be.

Senator McLean. What did you pay during war times by the week or by the thousand, so the committee man get some idea what your

reduction in wages amounted to?

Mr. Pendas. I stated about 17 per cent.

Senator McLean. That does not mean anything to us. Seventeen per cent of what? What did you pay in 1918 and 1919, when the wages were high, per thousand or per week, and what do you pay now?

Mr. Pendas. I wish I could answer the question as the Senator desires, but we have piecework mostly in the factories.

Senator McLean. How much per thousand?

Mr. Pendas. It varies anywhere from \$21.35, the lowest, up to \$300 per thousand for the cigar maker alone.

Senator McLean. Take a 10-cent cigar; what do you pay per

thousand?

Mr. Pendas. We do not manufacture that cigar, Senator.

Senator McLean. Take a cigar that you do manufacture; take a 15-cent cigar?

Mr. Pendas. For a 15-cent cigar we paid before the war \$17.

Senator McLean. Per thousand?

Mr. Pendas. Yes, sir.

Senator McLean. And what do you pay now?

Mr. Pendas. \$21. Senator McLean. What did you pay at the highest point?

Mr. Pendas. \$24. I don't want to make a mistake or make a statement that is misleading. For a 15-cent cigar we paid the cigar maker before the war, before the abnormal conditions set in, \$17. During the high prices that was raised to \$24, and when we made a cut on that particular cigar it came down to \$21. Consequently, we have still \$4 above normal on that cigar, and so on the others, because the reduction on the cigars made was uniform.

Senator McLean. About how much would that amount to per week

on the 15-cent cigar?

Mr. Pendas. To the cigar maker?

Senator McLean. Yes.

Mr. Pendas. A cigar maker makes an average of 1,000 cigars a week.

Senator McLean. That would be \$24 a week?

Mr. Pendas. No, sir; do you mean the reduction?

Senator McLean. Before the reduction.

Mr. Pendas. Before the reduction for that cigar maker; yes. It is now \$21.

Senator Calder. Men or women?

Mr. Pendas. Both. We pay the same price to men or women.

Senator Calder. Are most of your laborers men or women? Mr. Pendas. Men.

Senator McLean. Are they mostly Cubans?

Mr. Pendas. Yes; there are Italians, Spaniards, Cubans, and Americans.

Senator McLean. What percentage are Cubans?

Mr. Pendas. The larger percentage; probably 40 per cent.

Senator McLean. How will the wages you pay compare with the wages paid in Cuba?
Mr. Pendas. Our wages are always higher, Senator.
Senator McLean. How much higher?

Mr. Pendas. For example, I have seen sizes that we pay \$26 for in this country, and the same cigar in Cuba they only paid \$17.

Senator McLean. And you pay as high as \$300 to \$400 per

thousand for some cigars?

Mr. Pendas. For the sizes that are sold in this country for 10 cents or two for a quarter or 15 cents, we pay better wages in that proportion than the Cubans do. We always did.

Senator McLean. But take the high-priced cigar that you pay \$300

or \$400 a thousand for.

Mr. Pendas. There are very few made of that kind. I just suggested those because that was the limit.

Senator McLean. What would you pay for a 25-cent cigar?

Mr. Pendas. We paid usually before the war for a 25-cent cigar about \$33 per thousand. We paid more than the Cubans did for that

Senator McLean. How much would the filler of that cigar cost you ?

Mr. Pendas. Per thousand?

Senator McLean. Yes.

Mr. Pendas. I don't quite understand the question. Do you mean the cost of buying the filler?

Senator McLean. To you. How much would the filler cost per

thousand?

Senator Fletcher. How many pounds of filler make a thousand cigars?

Mr. Pendas. Of that size it takes about 23 pounds, Senator.

Senator Fletcher. To make 1,000 cigars?

Mr. Pendas. Of that size.

Senator McLean. How much per pound? Mr. Pendas. You mean the value in Cuba?

Senator McLean. That is what I mean.

Mr. Pendas. We can not estimate the value in Cuba, because it has changed. Fillers, as a rule, in the island of Cuba could be bought previous to the 1918 crop, good average fillers that grew in the best section of Cuba that made Cuba famous-

Senator McLean (interposing). Never mind that. Take a 25-cent

cigar. What would the filler cost you?

Mr. Pendas. Not everybody uses the same type of filler.

Senator McLean. What does it cost you?

Mr. Pendas. Me?

Senator McLean. Yes.

Mr. Pendas. \$1.50 or \$1.60 before the war.

Senator McLean. Per pound?

Mr. Pendas. Yes, sir.

Senator McLean. And it is 20 pounds to the thousand? Mr. Pendas. No, sir. It is more than 20. It is about 23.

Senator McLean. Twenty-three?

Mr. Pendas. Yes, sir.

Senator McLean. What would the wrapper cost you?

Mr. Pendas. The wrapper in normal times? Senator McLean. Take it now.

Mr. Pendas. Now?

Senator McLean. Yes.

Mr. Pendas. I am ashamed to give it to you, but it would cost us \$24 or \$25.

Senator McLean. Per pound?

Mr. Pendas. No; per thousand. I will give you the pounds per thousand if you wish.

Senator McLean. I would like to have you state that. It is the 25-

cent cigar.

Mr. Pendas. Yes. I will give it to you. It would take about 6

Senator McLean. Do you use any of the Sumatra?

Mr. Pendas. No, sir.

Senator McLean. That is all.

Mr. Pendas. Now, then, gentlemen, I believe I was talking about the two for a quarter cigar. Lhad reached that far, if I do not make a mistake.

We found if we did not produce a two for a quarter cigar we might as well make up our minds to go out of business, because while our production had increased so materially during the time that so many ships were being made and so many other things, and everybody was making six or eight or ten dollars a day, people bought 15 and 20 and 25 cent cigars; but that was not a normal condition, and we doubted very much, and the last few months have demonstrated to us that condition is not going to continue. So we had to decide to look for a two for a quarter cigar.

A two-for-a-quarter cigar, in order to give some value, we decided on a certain cigar, that it was necessary, and we figured out the cost of that cigar. The cost of the two-for-a-quarter cigar in the clear Habana factories, to the best of the ability of the bookkeepers-I don't know how to make figures very well these days—is \$90.50 per thousand, for a thousand clear Habana cigars that will go onto the market, and we figured that we would have to sell them at \$85.

Senator McLean. What size would that be?

Mr. Pendas. That would be a 4½-inch cigar, with a diameter of about 41 rim. The cigars are measured in order to get them uniform. We have a length, and we have rims made of rubber, and they go in the factory by length and rim. Those are about 4½ inches by 41 rim.

As I stated, we found to produce that cigar would cost the manufacturer \$90.50, and they would have to be sold for \$85 per thousand. The idea did not look very good, but we found the majority of the jobbers of the United States telling us they could not do business with the \$85 cigar selling to the retailers, and the retailers could not live on the margin and they could not pay \$85 for the cigar that would actually cost under present conditions to produce \$90.50. The great majority of these jobbers are paying only \$83.50 per thousand.

Senator McLean. What do they retail that cigar for?

Mr. Pendas. Two for a quarter.

Senator CALDER. How long has that been going on?

Mr. Pendas. It has been going on since the 1st day of September with almost all the manufacturers of clear Habana cigars, and those making cigars at Tampa. We have no rule established, and some men probably would lower weeks a head or weeks before, but it was sometime about September 1.

Senator McLean. The 20-cent cigar went to 30 cents, and the 25-cent cigar went to 35 cents, as sold by the retailers. Those are the

imported cigars. I do not know about the cigars you make.

Mr. Pendas. The imported cigars went very high. I am not very familiar with the retail prices, because I never sold cigars directly myself. I am giving you the facts from the importers' and manufacturers' standpoint. I know little about the retail business. I happen to know about this, because it has been so much discussed that I know something about it. When you are losing money it impresses

itself very strongly on you.

Now, these are the conditions with which the cigar industry in the part of the country that I am familiar with, as I stated before is confronted with. We believe that a tariff for revenue is necessary for the support of the Government and all of us must contribute but we hope these abnormal conditions will not continue much longer. How long it will exist no man can tell, but everybody will agree that is too adventurous to do business at a loss, and nobody can tell what the future has in store for us. However, we are hoping for better days and are not willing to abandon our plants, but will lose some money for the time being.

That is the actual condition of the cigar industry, and particularly the clear Habana cigar industry. While Senator Fletcher was speaking I believe some Senator said something about a moderate raise of 10 cents a pound on fillers. It is very moderate, but we must understand this: Our impression is that we can not very well stand the increase in duty, and we believe that the Government, as I stated at the beginning, is not going to get more revenue. That is our belief, as could be demonstrated by figures, but I will not attempt

to do so.

The only thing I want to do is to impress as strongly as I can on those who have made the law and those who will continue to do so that we believe it would be a mistake to raise the duty at this particular time on a business that is in a very precarious condition.

Now, 10 cents a pound on filler tobacco, we would allow 25 pounds to the thousand, and as far as I know, and I have been making cigars 40 years, no manufacturer ever has had enough material allowed him with 25 pounds, because I know that manufacturers have at the end of the year to pay the difference between the tobacco used on the basis of 25 pounds or explain the reason why he has less tobacco than he ought to have at the end of the year. Consequently, 25 pounds for a thousand, as a rule, does not cover it.

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In the normal production of a thousand cigars the average thousand cigars that is being made to-day, since the 10-cent cigar has disappeared, it is 21 pounds and over per thousand, and that 21 pounds or over per thousand, if it comes to that, is \$2.10 on fillers on every thousand cigars increase.

Senator McLean. \$2.10 on the fillers?

Mr. Pendas. On the fillers alone per thousand, the proposed increase.

Senator Fletcher. That is at 10 cents?

Mr. Pendas. Ten cents a pound.

Now, then, as the revenue regulations are to-day, we have the cigars classified. The cigar that sells for 5 cents must carry a \$4 stamp; the cigar that sells for not over 8 cents must carry a \$6 stamp—\$6 per thousand; the cigar that sells from 8 to 15 cents must carry a stamp of \$12 per thousand, and so on. Under those conditions the manufacturer either loses more money or he must raise the price. If he is going to raise \$2.10 on the fillers, and whatever the amount is on the wrappers, then that will throw the cigar into the next classification and we must add the \$3 difference in the stamp. Under those conditions we have found that we can not and will not be able to continue under present conditions, and we will not be able

to raise prices. That is the situation in the cigar industry.

Another reason why I believe that these filler rates of duty ought to be cared for is that it is not in competition with any kind of to-bacco used by anybody in the United States. On the contrary, it favors, it helps, it increases the value of the large interests represented by growers and a number of producers in this country. Some years ago, the gentlemen here know, there was no better known tobacco than the Connecticut shade-grown. The Connecticut shade-grown blended very good with Cuban tobacco. In fact, it enhanced the value of most of it, and it should not under any condition be increased, as we see the situation, because it hurts nobody. Still, you can see that if some manufacturers will not do it, others will. If the cigar has got to be produced at a loss somebody is going to substitute for tobacco imported from Cuba something else, and the Government will not get this duty.

Gentlemen, I do not wish to take up your time. I could give you many statistics. I haven't got them here, but we can get them. I believe the Senator will be kind enough to interest himself to pre-

sent the statistics.

Senator McCumber. Any statistics you desire to present will be made part of your testimony.

Mr. Pendas. I believe that unless the committee desires to put

some questions I am through.

Senator McCumber. The committee is very much obliged to you. Senator McLean. I understand you are addressing yourself mostly to the filler.

Mr. Pendas. I am addressing myself generally, but principally to the filler.

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STATEMENT OF CHARLES FOX, ESQ.

Mr. Fox. Mr. Chairman and Senators, in deference to the wishes of the committee, we who are of one mind as to the proposed new tariff had selected Mr. Cullman to present our side of the case. I would not have spoken had no objection been raised to the proposed increase of the so-called 15 per cent clause to 50, not believing that there was any opposition to that proposed increase.

However, as Mr. Pendas seems to think the 50 per cent clause is too high, I feel it incumbent upon me to state to you why I believe it is not too high. I might further say that Mr. Cullman's speech or statement includes nothing in reference to the 50 per cent clause, for the very reason that I stated, that we did not believe there would

be any opposition to it.

I agree fully with all that Mr. Pendas said as to the loss on wrapper tobaccos in Cuba and methods of packing. I further believe that the average, as Senator McLean asked, of wrapper to-

baccos and so-called wrapper bales is not over 50 per cent.

I do not know whether you gentlemen understand the 15 per cent clause. Under the present tariff with the 15 per cent clause, if a bale of tobacco imported from Cuba is found to contain over 15 per cent of wrapper tobacco, the entire bale is assessed at the wrapper rate. Our contention is that that is very unfair to the importer of Havana tobacco.

We further contend that by increasing the percentage to 50 we can bring into this country certain grades of wrapper tobacco which we could not bring in now by reason of the fact, as I have just explained, of being assessed wrapper duty on filler tobacco. So with the 50 per cent clause inserted in the new bill the manufacturer imports such grades of wrapper tobacco from Cuba as he can use in cigars that are made in this country, he would then be assessed wrapper duty on the wrappers it contained and filler duty on the balance.

I believe, gentlemen, it would not be an unfair request for us to make. It is a feature of the new tariff bill with which the Treasury Department is in harmony with us. As I understand it, it was recommended by the Treasury Department to the Ways and Means

Committee.

I can not agree with Mr. Pendas in his statement that 50 per cent

would be too high and that 35 per cent would be fair.

That is all I wish to say on this subject, but I will further ask permission of the committee to file, after Mr. Cullman has made his remarks, certain resolutions and briefs from various tobacco organizations and cigar-manufacturing organizations from other sections of the country.

Senator McCumber. That may be done.

STATEMENT OF JOSEPH F. CULLMAN, SR.

Mr. Cullman. Mr. Chairman and gentlemen, in order to economize time, may I request that I be permitted to present my argument. at the conclusion of which I would be delighted to answer any questions that may be asked?

Senator McCumber. I hope that request will be adhered to.

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Mr. Cullman. On behalf of the National Cigar Leaf Tobacco Association, which is composed of the great majority of importers of Habana, Sumatra, and Java tobaccos, packers and dealers in leaf tobacco, many of whom are interested in the growing of tobacco, as well as the cigar-manufacturing branch of the industry generally, I desire to urge upon your honorable committee the vital importance of amending the tobacco schedule of House bill 7456 in several particulars, in order to avoid serious injury to the cigar industry of the United States and to the growers and distributors of cigar leaf.

I have been requested to present the arguments by reason of having been engaged in the industry for over 50 years as a dealer and packer of cigar leaf in the States of Pennsylvania, Ohio, Wisconsin, New York, Connecticut, and Massachusetts, and as a grower in Connecticut, as well as an importer of Sumatra, Java, and Habana

tobaccos.

The amendments which will be suggested are absolutely necessary to avoid further acceleration of the present downward tendency of cigar production, which is rapidly reducing the Federal revenues from the internal tax on cigars and customs duties on imported

cigar leaf.

Only the most cursory examination of the statistics of production of the cigar industry during the past 20 years is necessary to convince any intelligent person that the present situation is most critical and that only the wisest and most farsighted policy in the way of tax readjustment can rescue it from impending ruin. The table following Table No. 1, showing the output of cigars and cigarettes since 1900, is incontrovertible evidence that the cigar manufacturers can carry no further burdens but, indeed, must have substantial relief if the industry is not to become moribund. These figures show that while the output of cigarettes in 1901 was but little more than one-third that of cigars, it has now risen to nearly six times the cigar industry, which has practically stood still for 20 years, despite the enormous increase in population.

Year.	Cigars.	Cigarettes.	Year.	Cigars.	Cigarettes.
1901 1902 1903 1903 1904 1905 1906 1907 1907 1908	6, 907, 830, 553 7, 398, 424, 150 7, 376, 669, 742 7, 551, 510, 893 8, 137, 299, 563 8, 376, 113, 787 7, 561, 419, 809	2, 728, 153, 697 2, 971, 360, 447 3, 366, 486, 715 3, 433, 993, 422 3, 673, 727, 411 4, 511, 997, 137 5, 270, 556, 938 5, 730, 501, 296 8, 836, 652, 435 8, 663, 709, 484	1911 1912 1913 1914 1915 1916 1917 1918 1919 1920	8, 099, 448, 730 8, 530, 916, 995 8, 248, 891, 047 7, 665, 328, 265 7, 932, 610, 191 8, 527, 119, 269 7, 901, 015, 823	10, 486, 379, 819 13, 183, 693, 899 15, 570, 798, 437 16, 868, 720, 463 17, 981, 184, 482 23, 312, 486, 611 35, 356, 860, 177 46, 680, 317, 314 47, 458, 143, 607

The following table (No. 2) shows the production for the first nine months of the calendar year 1921, as compared with the corresponding months of 1920. It will be noted that the production of cigars for the first nine months of 1921 has been at the rate of but 6,839,623,000 for the calendar year—a much smaller total than in any year since 1900:

	Cigars.	Cigarettes.
January-September, 1921	5, 120, 719, 750	43, 771, 605, 983
January-September, 1920	6, 132, 717, 200	39, 392, 598, 852

The new tariff imposes heavy additional burdens upon the cigar industry, which is already staggering under adverse conditions, that have prevented any increase in production during the past 20 years and that are now restricting the output at a rate which promises smaller production for 1921 than in any other year since 1900. Wrapper tobacco is raised by the new bill from \$1.85 to \$2.10 per pound, an increase of 25 cents; filler tobacco from 35 cents to 55 cents per pound. It goes without saying that these duties will be added to the cost of imported Sumatra wrappers and to Cuban fillers and scrap and will materially increase the cost of producing cigars. Domestic growers of cigar leaf tobacco, however, will receive little or no benefit, but in the main will be adversely affected, for the reason that both Sumatra wrappers and Havana fillers are used in combination with cigar leaf of domestic production and are necessary to sustain the demand for domestic leaf. If their price is raised because of the increased duty, the cigar manufacturers will have no alternative but to reduce the price he can pay for domestic wrappers, binders, and fillers, unless he can cut the wages of his workmen, which is inadvisable.

To increase the price of any grade of cigars under existing conditions is an absolute impossibility; on the contrary, the demand for lower prices for merchandise of every kind is being accentuated in the case of cigars, and in the effort to maintain quantity production on a scale that will continue to afford employment for workers in the industry many factories are now operating on a dangerously narrow margin, where, indeed, they are making any money at all.

It has been demonstrated beyond question that war prices for cigars can no longer be maintained, and the general price tendency

throughout the industry is materially downward.

Nearly one-half of the cigars manufactured in the United States are wrapped with Sumatra leaf tobacco, which, although high in price and burdened with a heavy duty, is so peculiarly suited to the wrapping of cigars and can be so favorably worked in the factory as to make it practicable to employ it in the production of medium as well as high priced goods. An increase of 25 cents per pound in the duty on wrapper leaf tobacco will raise the cost of the 2 pounds of Sumatra wrappers required to cover 1,000 cigars by 50 cents, an amount which can not be absorbed by manufacturer, jobber, or retailer under existing conditions.

But this is not all. Under the present system of internal-revenue taxation, adopted since the last tariff revision, cigars pay a tax on a sliding scale according to retail price. Thus, for example, the cigar which retails at 8 cents pays an internal-revenue tax of \$6 per thousand. If, however, the retail price of this cigar is raised by the smallest fraction of a cent, the cigar immediately becomes subject to tax at the higher rate of \$9 per thousand, an increase of \$3.

Thus an increase of 25 cents per pound in the duty on Sumatra leaf would raise the tax-paid production cost of the popular-priced cigar \$3.50 per thousand, making it imperative that the consumer shall pay more for this cigar. It will be noted that these taxes relate solely to cigars containing no imported filler tobacco. The effect of the proposed changes upon cigars manufactured with imported fillers as well as wrappers would be much more pronounced, and will be

pointed out later in our discussion of the proposed rates on filler and

scrap tobacco.

As it is perfectly apparent that the price of the popular cigar can not be raised under existing conditions, the cigar manufacturer, if the cost of his Sumatra wrappers is increased, would be obliged to choose between two alternatives—equally disastrous to the country at large—of reducing the wages of his employees or cutting the price he pays to the farmers who grow his binders and fillers. It is impossible to escape this conclusion, which is based upon facts demon-

strated throughout the entire cigar industry.

The proposed increase in the duty on wrapper tobacco has been urged on behalf of the producers of so-called shade-grown tobacco of New England, Georgia, and Florida. While we do not pose as philanthropists, we are vitally interested in the welfare of the American farmers who grow cigar leaf tobacco other than shade-grown in the States of New England, New York, Pennsylvania, Ohio, and Wisconsin approximating 200,000,000 pounds, as well as those in Georgia and Florida growing shade approximating 10,000 pounds. Any increase in the duty on wrapper tobacco above the former rate of \$1.85 per pound would have disastrous consequences not only for the cigar-making industry of the country but for all cigar-leaf growers.

While we are anxious to avoid any invidious comparisons, it is an undeniable fact that the producers of shade-grown tobacco in New England are to-day the most prosperous raisers of cigar leaf tobacco in the United States and do not need any more protection than they have enjoyed during the past two decades. Consumption of New England shade wrappers has steadily increased in recent years, and there is undeniably an excellent market in this country for all of this tobacco that can be raised. Any increase in the duty, therefore, is unnecessary and would only work a serious injury to the cigar trade and to the farmers who grow filler and binder tobacco. Ultimately the New England growers themselves would be injured because of the reduced prices obtained for their fillers and binders.

The domestic growers of shade wrapper leaf tobacco have steadily increased their output during the past 10 years in the face of the fact that the cigar industry as a whole has remained at a standstill, a fact which shows beyond a question that they do not need more protection. Will Congress destroy a large part of the cigar industry in the hope of still further increasing the profits of a comparatively small number of growers engaged in the production of shade wrapper leaf tobacco, of which there are only about 25 in New England and in

Florida?

Studied effort has been made to give Congress the impression that a large number of farmers in New England are in sore need of an increased duty on wrappers. As a matter of fact, the individual grower of leaf tobacco under shade in New England is almost a myth. Approximately 35 per cent of the shade-grown tobacco of the State is raised by a single corporation, which is also reputed to produce more than 50 per cent of the tobacco grown under shade in southern Georgia and northern Florida, the only other shade-grown district in the country.

Between 80 and 85 per cent of the production of shade-grown tobacco in Connecticut is raised by six or eight large concerns, and

Mr. Pendas. Yes, sir; this allows us 50 per cent, but my ideas on the subject—it may not be uniform; manufacturers and importers are even far apart themselves on this, but everyone getting a bale of tobacco has in mind the use that he can put it to. Consequently, very few people agree on the same percentage in a bale. It would be very difficult to arrive at that.

But, as I stated before, there is not a bale of Habana wrappers that does not contain a great portion of tobacco that could not

possibly be used as wrappers to be sold on cigars.

Senator McCumber. What percentage would you say?

Mr. Pendas. It varies very much.

Senator McCumber. But can you not give a general average?

Mr. Pendas. As I said before, the best bales in Cuba that I have seen in the last few crops—and I have seen some of the best—contained not less than 25 to 30 per cent that was unfit for wrappers.

Senator McCumber. What would the average bale contain that

would be unfit for wrappers?

Mr. Pendas. I could not figure that.

Senator McCumber. Would it be more than 50 per cent, in your iudgment?

Mr. Pendas. Many of them; yes, sir.

Senator McCumber. Would it average more than 50?

Mr. Pendas. The majority would.

Senator McCumber. Then you mean it would average more than 50 per cent?

Mr. Pendas. The majority would. Senator McCumber. Very well.

Senator Smoot. Thank you for your statement. Senator McLean. Is not this tobacco assorted and the wrapper duty assessed upon the wrapper portion and the filler duty upon the filler portion?

Mr. Pendas. It has been so far.

Senator McLean. It has been so far? What would be the result under the new law? Would it not be assorted under the operation of the new law?

Mr. Pendas. I expect so; but, as I stated before, I do not believe that a full bale of wrappers would be imported from Cuba—a 100 per

Senator McLean. I understood you to say at the opening of your remarks that you disapprove of the change because it would not be fair to the Government?

Mr. Pendas. I don't think it would.

Senator McLean. Why?

Mr. Pendas. Because my opinion is that a good many of these bales would not be uniform throughout the United States, with the different climates and the different views.

Senator McLean. Let me ask you a plain question: Is it your idea that wrapper tobacco would be brought in under the filler duty?

Mr. Pendas. I don't know.

Senator McLean. Is not that what you mean?

Mr. Pendas. I can not make that assertion.

Senator Smoor. I do not agree with you that the 15 per cent in the existing law is unfair to the Government.

Mr. Pendas. To a certain extent it might be.

Senator Smoor. I do not see that to raise that percentage would be unfair to the manufacturer of tobacce. That is why I wanted you to tell me why the 50 per cent is too high—if it is too high, and I think you have stated it is too high. I rather think so, too, but not that the 15 per cent is too low.

Mr. Pendas. In my individual opinion, 50 per cent is too high, because I believe it will leave the door open to return too many bales.

Senator Smoor. I think we understand your position on that.

Senator Flercher. You think 15 per cent is too low?

Mr. Pendas. I think that is rather low.

Senator Flercher. What would you make it?

Mr. Pendas. My candid opinion, Senator, is that 35 per cent would be high enough.

Senator Smoor. Thirty-five per cent?

Mr. Pendas. That is my opinion.

Senator Smoor. I wanted to get your opinion on it.

Mr. Pendas. Gentlemen, our purpose as manufacturers in appearing before the Senate committee is to, if possible, demonstrate to you the situation with which we are confronted. We will-confine our remarks to Schedule VI, paragraphs 601 and 602. We believe that with this schedule, with these paragraphs, adopted as it now reads, would result in serious loss to the Government of revenue and would do considerable harm to the industry as we know it.

We do not know and are not entirely familiar with all classes of cigars manufactured in the United States, but we are thoroughly familiar with the conditions existing in our section of the country; that is, the State of Florida. We see the cigar industry to-day with the radical changes that have taken place in the last two years, and it

is a sick patient. It is a very sick patient.

We have at the present time no means of ascertaining what the conditions are going to be, for no man can tell what the future has in

store, much less in business with these changed conditions.

Up to 1917 the production in our section of the country was about 80 per cent, between 80 and 85 per cent, of cigars that retailed at 10 cents or two for a quarter, leaving little more if any than 15 per cent of cigars to retail at a higher price than two for a quarter. With the changed conditions since 1917, the enormous cost of material, as I stated it before, with the additional cost of everything that goes to place a cigar on the market, with the raise in taxes from \$3, that was the general revenue for all kinds of cigars manufactured, to cigars selling up to 10 cents, \$9 a thousand, as you know; from 10 to 15 cents, \$12 a thousand, and from 20 cents up at \$15 a thousand. This change alone has brought this condition about so that the cigars that are manufactured, even in the clear Habana—and that is what I am referring to particularly—the cigar that sold at 10 cents has disappeared, and since 1918 the two for a quarter has been negligible. The public accepted but very few, a negligible quantity of them. They were not worth the money, from the consumers' standpoint, and we believe they were not worth the money, so little could we give for that amount.

Under the changed conditions and under the abnormal circumstances, the prosperity of the country, with the workingmen making

the money they were making for a year and a half, at least, the manufacturers did not miss the 15-cent or the two for a quarter production very much, because for the 15-cent size sufficient demand prevailed to

make us forget for the time being those conditions.

But, unfortunately, on the 14th day of April, 1920, the 12,000 or 13,000 employees in the cigar factories struck. They were not well enough and wanted to be worse, and struck, demanding a recognition of the union. That strike lasted 10 months. In that 10 months the economic conditions of the world unfortunately reached the United States, and when the workers came back to our factories they thought, as we had not changed the prices, as we had promised to maintain the same wages as those with which they went out, they came back hoping the world was the same, at least.

It appeared to be so for a few weeks, but having been out of the market for 10 long months, the conditions in the meantime having changed, metaphorically, our orders began to be canceled. Sixty days after the doors were opened we found we could not keep on employing the same number of men. A reduction took place in great numbers, and all throughout the summer and early fall, as Senator Fletcher has stated, we were not working in the clear Habana factories 50 per cent, not 40.

In the last part of July we had to offer the workingmenta reduction in wages, which they accepted, although it did not leave a very good feeling. They claimed it was as high as 40 per cent, and as we figured it out it was 17 per cent, approximately. That is as near as

figures would make it, about 17 per cent.

That 17 per cent reduction, gentlemen, we found that we had to lower our prices, conditions being as they were in the country, and reduce the price of our cigars. We were not making a 10-cent cigar clear Habana, and no manufacturer can produce it with the present conditions, because we have bought tobacco at the highest prices, I imagine, I will repeat once more, for the 1920 crop. Having had a strike during 1920, practically since the 14th of April, we did not use that tobacco.

In 1920, when we started to work and business fell off so materially, the manufacturers had a whole lot of that tobacco on hand. It is not possible for any man that I know of—and I wish if there is anyone he would controvert it—that can manufacture the clear

Habana cigars to retail at 10 cents.

We found other conditions. We cut out 80 per cent of our normal business before 1917, when we cut out the 10-cent and two-for-a-quarter sizes that constituted the 80 per cent. Without these two priced cigars that were the popular cigars with the masses and with the middle classes, we found ourselves situated so that our factories would soon be for rent. We tried to arrive at some way of giving the public some size. The 10-cent size had to be absolutely discontinued. I don't know of anybody that could produce a long-filler clear Habana cigar to retail for 10 cents.

With the idea that we might sell the 10-cent cigar, but if we wanted to show a semblance of staying in business we had to do something with the two for a quarter. We studied that proposition as best we could, and we found that to produce a standard clear Habana cigar, the same as it was made in the first-class cigar factories in

the United States as it is made in Cuba—and we claim we make as good cigars in this country as they make in Cuba, and sometimes the American public found it out by their patronage of the reputable clear Habana factories in this country—we found on close examination that with the cost of material, with the cost of labor—because we didn't bring labor down to the prewar prices—labor was cut about one-half of the raise we had made. We didn't want to take the whole hog, because the cost of living had not come down to that level, and we were as reasonable as we possibly could be.

Senator McLean. What did you pay during war times by the week or by the thousand, so the committee man get some idea what your

reduction in wages amounted to?

Mr. Pendas. I stated about 17 per cent.

Senator McLean. That does not mean anything to us. Seventeen per cent of what? What did you pay in 1918 and 1919, when the wages were high, per thousand or per week, and what do you pay now?

Mr. Pendas. I wish I could answer the question as the Senator desires, but we have piecework mostly in the factories.

Senator McLean. How much per thousand?

Mr. Pendas. It varies anywhere from \$21.35, the lowest, up to \$300 per thousand for the cigar maker alone.

Senator McLean. Take a 10-cent cigar; what do you pay per

thousand?

Mr. Pendas. We do not manufacture that cigar, Senator.

Senator McLean. Take a cigar that you do manufacture; take a 15-cent cigar?

Mr. Pendas. For a 15-cent cigar we paid before the war \$17.

Senator McLean. Per thousand?

Mr. Pendas. Yes, sir.

Senator McLean. And what do you pay now?

Mr. Pendas. \$21.

Senator McLean. What did you pay at the highest point?

Mr. Pendas. \$24. I don't want to make a mistake or make a statement that is misleading. For a 15-cent cigar we paid the cigar maker before the war, before the abnormal conditions set in, \$17. During the high prices that was raised to \$24, and when we made a cut on that particular cigar it came down to \$21. Consequently, we have still \$4 above normal on that cigar, and so on the others, because the reduction on the cigars made was uniform.

Senator McLean. About how much would that amount to per week

on the 15-cent cigar?

Mr. Pendas. To the cigar maker?

Senator McLean. Yes.

Mr. Pendas. A cigar maker makes an average of 1,000 cigars a week.

Senator McLean. That would be \$24 a week?

Mr. Pendas. No, sir; do you mean the reduction?

Senator McLean. Before the reduction.

Mr. Pendas. Before the reduction for that cigar maker; yes. It is now \$21.

Senator Calder. Men or women?

Mr. Pendas. Both. We pay the same price to men or women.

Senator Calder. Are most of your laborers men or women? Mr. Pendas. Men.

Senator McLean. Are they mostly Cubans?

Mr. Pendas. Yes; there are Italians, Spaniards, Cubans, and

Senator McLean. What percentage are Cubans?

Mr. Pendas. The larger percentage; probably 40 per cent.

Senator McLean. How will the wages you pay compare with the wages paid in Cuba?

Mr. Pendas. Our wages are always higher, Senator.

Senator McLean. How much higher?

Mr. Pendas. For example, I have seen sizes that we pay \$26 for in this country, and the same cigar in Cuba they only paid \$17.

Senator McLean. And you pay as high as \$300 to \$400 per

thousand for some cigars?

Mr. Pendas. For the sizes that are sold in this country for 10 cents or two for a quarter or 15 cents, we pay better wages in that proportion than the Cubans do. We always did.

Senator McLean. But take the high-priced cigar that you pay \$300

or \$400 a thousand for.

Mr. Pendas. There are very few made of that kind. I just suggested those because that was the limit.

Senator McLean. What would you pay for a 25-cent cigar?

Mr. Pendas. We paid usually before the war for a 25-cent cigar about \$33 per thousand. We paid more than the Cubans did for that

Senator McLean. How much would the filler of that cigar cost you ?

Mr. Pendas. Per thousand?

Senator McLean. Yes.

Mr. Pendas. I don't quite understand the question. Do you mean the cost of buying the filler?

Senator McLean. To you. How much would the filler cost per

thousand?

Senator Fletcher. How many pounds of filler make a thousand cigars?

Mr. Pendas. Of that size it takes about 23 pounds, Senator.

Senator Fletcher. To make 1,000 cigars?

Mr. Pendas. Of that size.

Senator McLean. How much per pound? Mr. Pendas. You mean the value in Cuba?

Senator McLean. That is what I mean.

Mr. Pendas. We can not estimate the value in Cuba, because it has changed. Fillers, as a rule, in the island of Cuba could be bought previous to the 1918 crop, good average fillers that grew in the best section of Cuba that made Cuba famous-

Senator McLean (interposing). Never mind that. Take a 25-cent

cigar. What would the filler cost you?

Mr. Pendas. Not everybody uses the same type of filler.

Senator McLean. What does it cost you?

Mr. Pendas. Me?

Senator McLean. Yes.

Mr. Pendas. \$1.50 or \$1.60 before the war.

Senator McLean. Per pound?

Mr. Pendas. Yes, sir.

Senator McLean. And it is 20 pounds to the thousand? Mr. Pendas. No, sir. It is more than 20. It is about 23. Senator McLean. Twenty-three?

Mr. Pendas. Yes, sir.

Senator McLean. What would the wrapper cost you?

Mr. Pendas. The wrapper in normal times?

Senator McLean. Take it now.

Mr. Pendas. Now?

Senator McLean. Yes.

Mr. Pendas. I am ashamed to give it to you, but it would cost us \$24 or \$25.

Senator McLean. Per pound?

Mr. Pendas. No; per thousand. I will give you the pounds per thousand if you wish.

Senator McLean. I would like to have you state that. It is the 25cent cigar.

Mr. Pendas. Yes. I will give it to you. It would take about 6

Senator McLean. Do you use any of the Sumatra?

Mr. Pendas. No, sir.

Senator McLean. That is all.

Mr. Pendas. Now, then, gentlemen, I believe I was talking about the two for a quarter cigar. I had reached that far, if I do not make a mistake.

We found if we did not produce a two for a quarter cigar we might as well make up our minds to go out of business, because while our production had increased so materially during the time that so many ships were being made and so many other things, and everybody was making six or eight or ten dollars a day, people bought 15 and 20 and 25 cent cigars; but that was not a normal condition, and we doubted very much, and the last few months have demonstrated to us that condition is not going to continue. So we had to decide to look for a two for a quarter cigar.

A two-for-a-quarter cigar, in order to give some value, we decided on a certain cigar, that it was necessary, and we figured out the cost of that cigar. The cost of the two-for-a-quarter cigar in the clear Habana factories, to the best of the ability of the bookkeepers—I don't know how to make figures very well these days—is \$90.50 per thousand, for a thousand clear Habana cigars that will go onto the market, and we figured that we would have to sell them at \$85.

Senator McLean. What size would that be?

Mr. Pendas. That would be a 4½-inch cigar, with a diameter of about 41 rim. The cigars are measured in order to get them uniform. We have a length, and we have rims made of rubber, and they go in the factory by length and rim. Those are about 41 inches by 41 rim.

As I stated, we found to produce that cigar would cost the manufacturer \$90.50, and they would have to be sold for \$85 per thousand. The idea did not look very good, but we found the majority of the jobbers of the United States telling us they could not do business with the \$85 cigar selling to the retailers, and the retailers could not live on the margin and they could not pay \$85 for the cigar that would actually cost under present conditions to produce \$90.50. The great majority of these jobbers are paying only \$83.50 per thousand.

Senator McLean. What do they retail that cigar for?

Mr. Pendas. Two for a quarter.

Senator CALDER. How long has that been going on?

Mr. Pendas. It has been going on since the 1st day of September with almost all the manufacturers of clear Habana cigars, and those making cigars at Tampa. We have no rule established, and some men probably would lower weeks a head or weeks before, but it was sometime about September 1.

Senator McLean. The 20-cent cigar went to 30 cents, and the 25-cent cigar went to 35 cents, as sold by the retailers. Those are the

imported cigars. I do not know about the cigars you make.

Mr. Pendas. The imported cigars went very high. I am not very familiar with the retail prices, because I never sold cigars directly myself. I am giving you the facts from the importers' and manufacturers' standpoint. I know little about the retail business. I happen to know about this, because it has been so much discussed that I know something about it. When you are losing money it impresses

itself very strongly on you.

Now, these are the conditions with which the cigar industry in the part of the country that I am familiar with, as I stated before is confronted with. We believe that a tariff for revenue is necessary for the support of the Government and all of us must contribute but we hope these abnormal conditions will not continue much longer. How long it will exist no man can tell, but everybody will agree that is too adventurous to do business at a loss, and nobody can tell what the future has in store for us. However, we are hoping for better days and are not willing to abandon our plants, but will lose some money for the time being.

That is the actual condition of the cigar industry, and particularly the clear Habana cigar industry. While Senator Fletcher was speaking I believe some Senator said something about a moderate raise of 10 cents a pound on fillers. It is very moderate, but we must understand this: Our impression is that we can not very well stand the increase in duty, and we believe that the Government, as I stated at the beginning, is not going to get more revenue. That is our belief, as could be demonstrated by figures, but I will not attempt

to do so.

The only thing I want to do is to impress as strongly as I can on those who have made the law and those who will continue to do so that we believe it would be a mistake to raise the duty at this particular time on a business that is in a very precarious condition.

Now, 10 cents a pound on filler tobacco, we would allow 25 pounds to the thousand, and as far as I know, and I have been making cigars 40 years, no manufacturer ever has had enough material allowed him with 25 pounds, because I know that manufacturers have at the end of the year to pay the difference between the tobacco used on the basis of 25 pounds or explain the reason why he has less tobacco than he ought to have at the end of the year. Consequently, 25 pounds for a thousand, as a rule, does not cover it.

; [

In the normal production of a thousand cigars the average thousand cigars that is being made to-day, since the 10-cent cigar has disappeared, it is 21 pounds and over per thousand, and that 21 pounds or over per thousand, if it comes to that, is \$2.10 on fillers on every thousand cigars increase.

Senator McLean. \$2.10 on the fillers?

Mr. Pendas. On the fillers alone per thousand, the proposed increase.

Senator Fletcher. That is at 10 cents?

Mr. Pendas. Ten cents a pound.

Now, then, as the revenue regulations are to-day, we have the cigars classified. The cigar that sells for 5 cents must carry a \$4 stamp; the cigar that sells for not over 8 cents must carry a \$6 stamp—\$6 per thousand; the cigar that sells from 8 to 15 cents must carry a stamp of \$12 per thousand, and so on. Under those conditions the manufacturer either loses more money or he must raise the price. If he is going to raise \$2.10 on the fillers, and whatever the amount is on the wrappers, then that will throw the cigar into the next classification and we must add the \$3 difference in the stamp. Under those conditions we have found that we can not and will not be able to continue under present conditions, and we will not be able

to raise prices. That is the situation in the cigar industry.

Another reason why I believe that these filler rates of duty ought to be cared for is that it is not in competition with any kind of to-bacco used by anybody in the United States. On the contrary, it favors, it helps, it increases the value of the large interests represented by growers and a number of producers in this country. Some years ago, the gentlemen here know, there was no better known tobacco than the Connecticut shade-grown. The Connecticut shade-grown blended very good with Cuban tobacco. In fact, it enhanced the value of most of it, and it should not under any condition be increased, as we see the situation, because it hurts nobody. Still, you can see that if some manufacturers will not do it, others will. If the cigar has got to be produced at a loss somebody is going to substitute for tobacco imported from Cuba something else, and the Government will not get this duty.

Gentlemen, I do not wish to take up your time. I could give you many statistics. I haven't got them here, but we can get them. I believe the Senator will be kind enough to interest himself to pre-

sent the statistics.

Senator McCumber. Any statistics you desire to present will be made part of your testimony.

Mr. Pendas. I believe that unless the committee desires to put

some questions I am through.

Senator McCumber. The committee is very much obliged to you. Senator McLean. I understand you are addressing yourself mostly to the filler.

Mr. Pendas. I am addressing myself generally, but principally to the filler.

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A comparison of the withdrawals in October, 1921 (which is the last official report that we have), with the withdrawals in October, 1920, will be sufficient

to demonstrate this point.

In October, 1920, class C cigars, retailing at between 8 and 15 cents, amounted to almost 46 per cent of the entire cigar business. In October, 1921, the same class of cigars went down to 39 per cent. Class B, the cigar that sells at between 5 and 8 cents each, constituted 28 per cent of the aggregate volume of business in October, 1920, and in the same month of this year it was down to 25 per cent; while class A cigars, which sell to the consumer at 5 cents and less, climbed up from 23 per cent in October, 1920, to 33 per cent in October last.

Thus cigars selling at 5 cents or less have gained 10 per cent of the whole cigar business, taking the place of the loss of business on grades of cigars that

sell between 5 and 15 cents.

Surely these outstanding facts should be sufficiently convincing that the cigar industry can not stand the slightest increase in taxes, whether in the form of tariff duties or internal revenue,

The whole story of the cigar industry is told in the following chart:

DUTIES ON WRAPPERS.

As against the plea on behalf of 11,496 cigar manufacturers, there was a demand of the Connecticut, Florida, and Georgia farmers raising shade-grown tobacco, all told not more than about 100 in number, for an increased duty on imported Sumatra in order, as they claimed, to protect their shade-grown wrappers, which are sometimes erroneously referred to as "American Sumatra."

Do they really need additional protection because imported Sumatra is com-

peting with their product? We emphatically say, "No."

They have raised their tobacco from \$1.75 per pound in 1914 to \$5.25 per pound in 1920 (House tariff hearings, p. 1580), in spite of the steady inportation of Sumatra. (The present price being about \$4 per pound.) They have increased production of Connecticut shade-grown wrappers from 1,200,000 pounds in 1910 to 7,467,000 pounds in 1918, the continued use of imported Sumatra notwithstanding (House tariff hearings, p. 1556). Subsequent figures which are not yet available will undoubtedly show a still further increase.

Do these facts show that they need additional protection? Certainly not.

What then is their motive for demanding additional protection?

The answer is found in their own testimony.

Thus, at the House tariff hearing Mr. W. E. Smith, one of the tobacco grow-

ers' spokesmen, testified. Questioned by Congressman Garner:
"Q. Mr. Garner. Mr. Smith. really what you want is \$2.85 a pound levied as a tax at the customhouse on foreign importations in order that-

"A. Mr. SMITH. On wrappers.
"Q. Mr. GARNEB. That you may get a better price for your tobacco?

"A. Mr. SMITH. Yes, sir."

The cigar manufacturers have raised the prices of their products since the prewar times to a maximum of 60 per cent, while the growers have advanced their shade-grown wrappers during the same period from \$1.75 in 1914 to \$5.25, or 200 per cent, in 1920, the price is still maintained at \$4 per pound, which is an increase of 129 per cent, and they ask for increased duties for the conceded purpose of getting still higher prices for their wrappers.

Indeed, this is not the first time that the very same tobacco growers' association demanded increased duties on wrapper tobacco, nor is their present argument in support of their demand altogether new. In 1913 they appeared before the Ways and Means Committee and submitted a similar demand, based upon the same reasoning, as may be seen from the following quotations of their

arguments on both occasions.

EXCERPTS FROM THE BRIEF OF THE NEW ENGLAND TOBACCO GROWERS' ASSOCIATION FOR INCREASED DUTIES ON WRAPPERS.

1913.

[House tariff hearings, p. 2531.]

These expensive methods, worked out by the Government at an enormous expenditure of the people's money, have been, under the present customs tariff on wrapper tobacco, adopted to a large extent by many of the agriculturists in the several tobacco-producing States who have invested millions of dollars in proper lands for its growth, buildings, and equipment for its production, that a cigar wrapper leaf tobacco that would represent the most advanced type of wrapper might be produced that would acceptably take the place of the leaf now so largely imported. And we respectfully submit that such a leaf has been developed in this country and is being produced in increasing quantities from year to year and without the rate of customs duty now collected from such imported leaf it would be no longer possible for us to produce this highgrade, expensive cigar leaf, without which the labor and expenditures of this Government for years and the millions already invested by the American people in this industry would be forever lost, and the lands and property used in its production practically valueless.

1921.

[House tariff hearings, p. 1598.]

These expensive methods, worked out by the Government at an enormous expenditure of the people's money, have been, under the present customs tariff on wrapper tobacco adapted to a large extent by many of the agriculturists in the several tobacco-producing States. The New England and Florida agriculturists have developed a cigar-wrapper leaf of the most advanced type and have invested their money in land, buildings, and equipment for the purpose of growing and marketing the product. Unless sufficient protection is maintained, the millions already invested by the American people in this industry will be forever lost, and the lands and property developed for the growth of tobacco will become practically worthless.

THE UNJUSTNESS OF THEIR CONTENTIONS.

Thus they argued in 1913, as they now contend, that unless the duty on wrapper be raised, the shade-grown industry would be destroyed. The duty was not raised in 1913 or since then, and yet the production of shade-grown wrapper in Connecticut alone has grown from approximately 2,000,000 pounds in 1913 to over 7,000,000 pounds, the present yield, while the prices have, during the same period, advanced from \$1.75 per pound to \$5.25 per pound. It may be noted here that the price has since been reduced to \$4 per pound.

The fact is, as is clearly demonstrated in our brief (House tariff hearings, p. 1555), that imported Sumatra does not compete with shade-grown wrappers, which are sometimes called American Sumatra. The former is used for one type of cigars, while the latter is used for an entirely different type of cigars. Neither is used as a substitute for the other.

These growers raising largely the shade-grown type of wrappers, which, as already stated, are commonly but erroneously known as American Sumatra, still contend as they contended years ago when the development of shade-grown tobacco in this country was first entered upon—that they must have higher tariff duties on Sumatra wrapper in order to protect the shade-grown industry. But their contentions are clearly refuted by the very growth of the shade-grown industry within the last 10 years or so, the importations of Sumatra notwithstanding.

Thus, as will be seen from the following tables covering a period of 10 years, from 1910 to 1920, that while we have continued to import Sumatra at the rate of between six and seven million pounds per annum—which is sufficient to cover between three and three and one-half billions of cigars, or between 40 and 47 per cent of our entire consumption of cigars—the shade-grown industry in the Connecticut district alone, which includes Massachusetts, has grown from

1,000 acres under cultivation in 1910 to 6,150 acres in 1918, and undoubtedly a still larger acreage in 1920 (the figures for 1919 and 1920 not being available), with an increased yield of wrappers from approximately 1,200,000 pounds in 1910 to 7,467,000 pounds in 1918.

We have no official figures showing the production of shade-grown tobacco in Georgia and Florida for the same period, as no official statistics in that respect have been published. But according to the report of the department of agriculture of Florida it appears that in 1917–18 Florida produced 2,123,427 pounds

of shade-grown tobacco.

The Federal Department of Agriculture also reports a total production of cigar tobacco in Florida and Georgia in the year 1919 amounting to 5,890,000 pounds, the great bulk of which, as we know, was wrappers; so that, adding the production of wrappers in Georgia and Florida to the 7,000,000 pounds of wrappers produced in Connecticut, it would show a total production of wrappers amounting to over 12,000,000 pounds. And all of that enormous production of a type of wrapper, which it is claimed competes with the imported Sumatra, has developed within the last 10 years, while our importations of Sumatra were kept up almost at a uniform rate of between 6,000,000 and 7,000,000 pounds per annum.

It is thus clearly shown that the importation of Sumatra wrappers has in no way interfered with the development of shade-grown wrappers in this country.

Acreage of shade-grown tobacco in the Connecticut Valley.

	cres grown.	. Acres	grown.
1900	1	1910	1.000
1901	41	1911	1. 995
1902	720	1912	1, 906
1903	645	1913	1. 840
1904		1914	
1905		1915	
1906		1916	
1907		1917	
1908		1918	6. 150
1909			0, 100

Note.—If it is desired to ascertain the quantity of shade grown tobacco produced, the desired result can be secured by multiplying the acreage given by about 1,200, which is the average yield per acre.

	Imports of l	Total num-			
Fiscal year.	Sumatra from the Netherlands and Dutch East Indies.	From Cuba.	All other.	Total number of pounds imported.	ber of cigars manufac- tured (calendar year).
1910 1911 1912 1913 1914 1915 1916 1917 1918 1919 1920	5, 721, 447 6, 290, 499 6, 193, 042 5, 846, 504 7, 061, 943 4, 963, 761 3, 617, 882 4, 243, 408	58, 798 44, 391 69, 003 93, 914 155, 139 79, 706 68, 644 135, 751 180, 739 44, 254 34, 301	196, 002 190, 938 110, 510 111, 826 91, 114 99, 529 37, 903 188, 303 91, 197 409, 522 249, 652	6,639,766 5,956,776 6,470,012 6,398,782 6,092,787 7,241,178 5,070,308 3,941,936 4,515,344 8,007,722 7,328,719	6, 810, 098, 416 7, 048, 505, 03 7, 044, 257, 23 7, 571, 507, 84 7, 174, 191, 944 6, 599, 188, 07 7, 042, 127, 401 7, 559, 890, 349 7, 053, 549, 402 18, 304, 618, 762

¹ Figures of production not yet available. This represents the number of cigars withdrawn for consumption during the fiscal years ending June 30. All other figures of production are for the calendar year.

THE DIFFERENTIAL UNDER THE OLD DUTY IS AMPLY SUFFICIENT TO PROTECT HOME-GROWN WRAPPERS.

A great deal has been said about the difference in the cost of producing domestic shade-grown wrappers and imported Sumatra wrappers. It seems to us, however, that the important question to be considered is not what it costs to produce shade-grown wrappers as against the cost of imported Sumatra, but the difference in the cost of covering a thousand cigars with either of the two types of wrappers, for manifestly the cost of the wrapper on a cigar, like the cost of all other material, must ultimately be reflected in the price of the finished cigar.

At the present prices of both shade-grown and Sumatra a thousand 10-cent or higher-priced cigars can be readily covered with shade grown wrappers at a cost of between \$8 and \$9, while to cover the same grades of cigar selling at the same prices with imported Sumatra, dutiable at \$1.85 per pound, costs between \$10 and \$12 per thousand.

It is entirely immater: all what it costs to produce shade-grown wrappers, for the fact is that manufacturers desiring to use the imported Sumatra on their 10-cent or higher priced cigars must pay between \$2 and \$3 more to cover a thousand cigars than it would cost them to cover the same cigars with the domestic wrappers.

Here, then, is a differential of between \$2 and \$3 in the cost of wrappers for a thousand cigars under the old tariff of \$1.85 per pound, which, I believe,

is more than sufficient to protect the shade-grown industry.

In regard to the lower priced cigars—that is, cigars retailing at between 5 and 10 cents—shade-grown wrappers are in no way an important factor, for most of these grades of cigars are and necessarily must be covered with imported Sumatra, because shade-grown wrapper does not mix well with filler tobacco grown in the United States. No manufactuer is known to have ever succeeded in making a combination of shade-grown wrappers with domestic fillers and producing a satisfactory cigar.

Most shade-grown wrappers are used on cigars containing Havana fillers, Porto Rico fillers of a blend of the two—on cigars which can not be sold at less than 10 cents, shade-grown tobacco therefore does not come into serious competition with the imported Sumatra that is use on cigars that are selling below

Surely, as between the comparatively few wrapper growers producing about 10,000,000 pounds of tobacco per annum, out of a total of about 1,500,000,000 pounds raised in this country, and cultivating about 10,000 acres out of a total of 1,900,000 acres of tobacco land under cultivation, on one side, and the 11,496 cigar manufacturers, employing 200,000 laborers and using approximately 154,000,000 pounds of tobacco per annum, on the other side, the interest of the latter are of far greater importance to the country's commerce and industry than that of the former.

DUTIES ON FILLERS.

What we have said in regard to the increased duties on wrappers applies with equal if not more force to the increased duties on filler tobacco, whether in leaves or in scrap.

The increases in duties of 10 cents per pound on the leaf fillers and 20 cents per pound on scrap fillers would add to the cost of production from \$2 to \$2.50 per thousand on cigars containing 100 per cent Havana filler and a proportionately smaller amount on blended cigars mixed with Havana fillers.

We believe that we have already demonstrated that the cigar industry can

not possibly absorb these added items to the cost of production.

Surely, in face of the loss of over 20 per cent of cigar business since last December, bringing the cigar industry back to where it was about 15 years ago, there can not be added 1 cent to the selling prices of cigars without bringing disaster to the industry.

These additional duties would only force manufacturers to reduce the quantity of Havana fillers used in their cigars, thus changing the quality of their merchandise and ruining, if not altogether destroying, established brands or trade-marks of immense value.

The Government will surely receive no additional revenue from these increased duties, while the industry would suffer incalculable injury, not speaking of the fact that millions of cigar consumers would necessarily be deprived of the enjoyment of the smokes of the quality that they have been accustomed to.

As far as the records show, no American tobacco grower has asked for any additional protection on filler tobacco. No American farmer has complained that the imported cigar fillers are hurting American tobacco growers.

SCRAP TOBACCO-WHAT IT IS, WHAT IT IS USED FOR, AND THE DUTY THEREON.

The word "scrap" as applied to tobacco is by no means used as an arbitrary or fanciful designation, it is used in its true literary sense to describe the offal, the shorts, the fragments, the scrap, or the left-overs from the tobacco leaves placed in cigars.

Manifestly, the scrap of tobacco, like the scrap of all other substances, can not possibly have the value of the original material that it comes from, nor can an article made up of scrap have as much value as an article made up of the material in its original form. And so in the tobacco industry, imported scrap is used for the cheaper grades of cigars and in little cheroots that sell at about 30 to 35 cents per package of 10.

The pending tariff bill provides for an increase in the duty on scrap tobacco from 35 cents to 55 cents per pound. Using about 12 pounds of scrap in a thousand cigars, the increased duty would add about \$2.40 per thousand to the cost of production of cigars made of imported scraps.

Scrap is also a manufactured tobacco put up in small packages for sale to the consumer for chewing or pipe smoking. But the quantity of imported scraps used for that purpose is indeed insignificant. However, had this provision for increased duty on scrap tobacco been framed to apply only to manufactured tobacco put up in packages ready to be sold-to the consumer in competition with domestic manufactured scrap tobacco there would, of course, be no objection. But, according to the language of the paragraph, the increased duty applies to both "manufactured or unmanufactured tobacco." Thus, scrap tobacco imported into this country by cigar manufacturers purely as filler tobacco to be used in the manufacture of cigars would be subject to the additional duty of 20 cents per pound.

No American tobacco grower has asked for additional protection on filler tobacco imported from Cuba, for it is indeed well recognized that the importation of Cuban tobacco is a benefit rather than a detriment to American tobacco, because it is the Cuban tobacco when used as a blend with domestic tobacco that gives the cigar a flavor or aroma that can not be obtained in any other way.

Indeed, we can hardly understand the attitude of the Ways and Means Committee in raising the duty on Sumatra wrapper and on scrap fillers, both of which are used in the poor man's smokes. The great bulk of Sumatra wrapper is used on cigars selling at 8 cents or less, while most of the imported scrap tobacco is used in cheroots or little cigars selling at less than 5 cents each (10 for 35 cents). It is needless to say that the margin of profit on these cheap articles must necessarily be exceedingly small, and that neither the manufacturer nor the jobber or retailer can absorb the least increase in cost or taxes.

Why, then, impose these additional burdens on the c'gar industry, when, as it must be clearly apparent, the manufacturer can not possibly absorb them? And to shift them on the consumer would mean a still further decline of business, which must not only result in disaster to the industry, but in minimized revenue to the Government as well.

THE SMALL MANUFACTURER.

There is another phase of the situation to be considered—that is, the condition of the small manufacturer. The big manufacturer, who makes several hundred million cigars a year, may be able to get along with a small profit—although operating on a small margin of profit in the tobacco business, where any change in atmospheric conditions or any slight mistake in the treatment of the tobacco may cause sufficient deterioration of the material to wipe out the entire profit and produce a substantial loss—is like skating on thin ice. But can the little fellow, who makes 10,000 cigars a week or 500,000 cigars a year, exist unless he makes a reasonable profit?

It will be seen from the records of the Internal Revenue Department that while there were 17,137 cigar manufacturers in business in 1914, there were only 11,291 manufacturers in business in 1919. Thus, 5,846 manufacturers have

gone out of business since the war. What was the cause of it? The explanation is, indeed, simple. While the big manufacturers were able to withstand the increased cost of production and the higher rates of taxes, with the increased capital necessarily required in the carrying of high-priced material, because of their large outputs, the small man could not stand it and hence his enforced retirement from business.

Any incease in duties on wrappers, fillers, or scraps would impose a further hardship upon the small man not only because of the curtailment of his already minimized profit, but because of the additional cash investment required in the

payment of the increased duties.

This phase of the situation is respectfully brought to your attention not merely as a plea for the small man, but for the purpose of demonstrating the closeness of the margin of profit under which we have been operating since the war. For with a reasonable profit on the business the small man can read ly thrive, prosper, and succeed in spite of the competition of the large concern, but with the profits minimized, as they have been minimized since the war, the difficulties of the small man were, indeed, more than he could stand, as is evidenced by the fact that over 33 per cent of the small manufacturers have withdrawn from the business since 1914.

THE ADDITIONAL DUTIES SHOULD BE ELIMINATED.

In view of the facts and circumstances thus presented, we respectfully urge that any increase in the tariff duties on tobacco would cause disaster to the industry, as well as loss of revenue to the Government, and would in no way benefit the American tobacco growers, whose interests are more than sufficiently protected under the present tariff rates for the imported tobacco not only does not compete with the domest'c tobacco but is indeed essential in order to keep up our present rate of consumption.

All of which is respectfully submitted by Cigar Manufacturers Committee of

the Tobacco Merchants' Association of the United States.

CHAS. J. EISENLOHR, Chairman. CHARLES DUSHKIND, Counsel.

COMMITTEE.

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(For further details we respectfully refer to the brief filed by this committee with the Committee on Ways and Means; House Tariff Hearings, p. 1554.)

STATEMENT OF MARCUS L. FLOYD, REPRESENTING THE NEW ENGLAND TOBACCO GROWERS' ASSOCIATION AND THE FLORIDA AND GEORGIA TOBACCO GROWERS' ASSOCIATION.

Mr. Floyd. Mr. Chairman and gentlemen, I think in coming here I probably represent one of the most important industries in this country, and that is in the production of cigar-leaf tobacco. I want to say to that part of the committee that is here, and I will not make

any apology to the part that is not here, that in order to stand well with you, gentlemen, I am going to tell you that I will not take up more than 10 minutes of your time. There are certain things that I want to call your attention to, but I will be very brief.

There is a letter here addressed to your chairman, with some figures attached to it, that I would like to have inserted in the record

at this point.

Senator McCumber. That may be done.

(The documents referred to are here printed in full, as follows:)

AUGUST 18, 1921.

Hon. Boies Penrose.

Chairman Committee on Finance,

United States Senate, Washington, D. C.

My Dear Senator: I herewith beg to hand you a memorandum showing comparative costs of raw material that enters into the manufacture of cigars. These figures show clearly that all grades of cigars, from the cheapest up to and including the 2-for-25-cents class, can be manufactured for a much less

cost than obtained during the years 1919 and 1920.

Of course, the manufacturer does and will claim that he is stocked up with raw material purchased at prevailing high prices of 1919 and 1920, which in many cases is probably true. However, the decrease in cost of labor applies now and far more than offsets the advance in import duty we are asking for. Again, it must be borne in mind, we do not ask advanced import duty on tobaccoes they do not own and have in stock, but on tobaccoes which they may buy and bring into this country, tobaccos that no doubt will be purchased for much less money than the tobaccos they now have in stock.

Our statement shows that values of domestic leaf, whether wrapper, binder, or filler, have shrunk at least 20 per cent, while Porto Rico and Cuba leaf have shrunk in value from 30 to 40 per cent. Therefore, the claim on the part of the manufacturer, that if the import duty is changed from \$1.85 to \$2.85 per pound, it will force the so-called 8-cent cigar into a 9-cent class. This claim

is preposterous and unjustifiable.

In my statement before the Ways and Means Committee of the House I called attention to the fact that a manufacturer cigar was purely a fancy article, without intrinsic or fixed value. The making of prices on the part of the manufacturer is largely arbitrary. For example, a cigar that retails for 5 cents to the consumer may have been bought by the jobber from the manufacturer at anywhere from \$28 to \$32 per thousand. This cigar may retail at 5 cents or six for 25 cents. Now, then, the strictly 5-cent cigar the jobber may buy from the manufacturer at from \$34 to \$38 per thousand.

The cigar that retails at three for 25 cents the jobber buys from \$40 to \$55 per thousand, and the strictly 10-cent cigar he pays \$55 to \$65 per thousand for, and the two for 25 cents for \$65 to \$80 per thousand. You will notice as the retail prices advance a large margin between the lowest and highest job-

bing price on that particular class of cigars.

I further made the statement before the Ways and Means Committee, at which meeting there were a number of manufacturers and importers, that none of them, be they ever so experienced, could by examination or trial tell the difference between a \$28-per-thousand cigar and a \$32-per-thousand cigar. These cigars to be, of course, without trade-mark or brand. This is absolutely true regarding every class of cigar. I defy any manufacturer or importer to tell me by close examination whether a certain cigar should sell at wholesale for \$34 to \$36 a thousand, or in the high-class cigars, \$80, \$90, or \$100 per thousand.

In concluding I wish to suggest, inasmuch as it seems to be clearly the purpose of the present Congress to obtain further revenue from tobacco, that this be done as far as may be by increasing the import duty; to levy an internal-revenue tax will burden the consumer without benefit to any branch of the tobacco industry; to levy an import duty or tax will place the same burden on the consumer, with positive benefit to farmers who produce similar

tobaccos in this country.

Now, it is for you gentlemen to decide which you will choose: A tax that will burden all and benefit none or an import tax that will burden all, at the same time benefiting one of the most important industries of this country. Very respectfully,

M. L. FLOYD.

(Representing the New England Tobacco Growers' Association and Florida and Georgia Tobacco Growers' Association.)

QUANTITIES OF LEAF TOBACCO REQUIRED FOR THE AVERAGE-SIZED CIGAR.

Wrapper: 1\frac{1}{4} to 2 pounds of Sumatra tobacco, or 1\frac{1}{2} to 2 pounds of Florida and Georgia tobacco, or 4 to 10 pounds of Connecticut tobacco.

Binders: 5 to 6 pounds of Connecticut tobacco, or 6 to 7 pounds of Wisconsin or New York State tobacco.

Fillers: 18 to 20 pounds of domestic filler, or 16 to 18 pounds of Habana tobacco, or 16 to 18 pounds of Porto Rican tobacco.

PRICES FOR LABOR MANUFACTURING CIGARS IN PENNSYLVANIA.

For cigars known as the 8-cent or 2-for-15-cents grade: 1914, \$7 per thousand; 1919, \$11 per thousand; 1921, \$9 per thousand; decrease since 1919, 18 per cent. For cigars known as the 5 and 6 cent grade: 1914, \$5.25 per thousand; 1919, \$9 per thousand; 1921, \$6 to \$7 per thousand; decrease since 1919, 22 per cent.

For cigars known as the 10-cent straight or 2-for-25-cents grade: 1914, \$9 per thousand; 1919, \$15 to \$16 per thousand; 1921, \$10 to \$12 per thousand; decrease since 1919, 20 per cent.

In the old ninth district of Pennsylvania, where low-priced cigars are being manufactured, the cost of labor is from \$1 to \$3 per thousand less than above specified. In other section of the country the scale per thousand varies from above schedule, ranging from \$8 to \$12 in 1914, \$16 to \$22 in 1919, and \$12 to \$20 at the present time, depending on the locality, also the size, shape, and general workmanship of the cigars.

The actual cost of labor for manufacturing cigars is about 20 per cent less than in 1919 and 1920, and there is also a decided reduction in the cost of cigar boxes, labor, etc., all of which will be the means of lowering manufacturing costs.

Average values of cigar leaf tobacco. WRAPPER.

WRAPP	EK.			
	1914	1919	1921	Decrease from 1919 to 1921.
Summature (in hours)	e1 50	e 0 05	80 00	Per cent.
Sumatra (in bond)	\$1.50 1.75		\$2.00 2.25	11 18
Broad leaf	. 65 75		1.00-1.20	20
Habana seedPrime tobacco	. 50 60 1. 25	. 90-1. 00 2. 25	. 75 85 1, 75	16 22
Connecticut: Broad leaf. Habana seed. Wisconsin. New York State.	\$0. 55-\$0. 65 .4550 .3035 .3540	\$0. 95-\$1. 00 . 70 75 . 55 60 . 60 65	\$0.75-\$0.85 .5565 .4550 .4550	20 20 17 25
FILLE	R.			
Pennsylvania Gebhardt (Ohio) Zimmer (Ohio)	\$0.15-\$0.16 .16	. 32	\$0. 32-\$0. 35 . 23	10 28
Little Dutch (Ohio)	. 20 . 16		.30	14 16
Porto Rico	.7080	1.60- 1.75	.8595	
Habana tobacco (in bond)	.5055	1. 25- 1. 40	. 90- 1.00	28

Average cost of raw material and labor.

8-CENT CIGARS.

	1919-20,	1921,	1921,
	at \$1.85	at \$1.85	at \$2.85
	duty.	duty.	duty.
2 pounds Sumatra tobacco. 6 pounds Connecticut (Habana-seed) binders 18 pounds Pennsylvania tobacco. Labor.	\$8. 20	\$7.70	\$9, 70
	4. 50	3.90	3, 90
	7. 58	6.30	6, 30
	11. 00	9.00	9, 00
Total	31. 26	26. 90	28.90

TWO-FOR-A-QUARTER CIGAR, WITH HABANA FILLERS.

2 pounds Sumatra tobacco. 6 pounds Connecticut broad-leaf binders. 18 pounds Habana tobacco. Labor.	5, 70 27, 54	\$7.70 4.50 21.24 17.00	\$9. 70 4. 50 21. 24 17. 00
Total	61. 44	50. 44	52. 44

PORTO RICAN FILLERS, TWO FOR-A-QUARTER CIGAR.

2 pounds Sumatra tobacco. 6 pounds Connecticut broad-leaf binders. 18 pounds Porto Rico fillers. Labor.	5. 70 28. 80	\$7.70 4.50 15.30 17.00	\$9. 70 4. 50 15. 30 17. 00
Total	62. 70	44. 50	46.50

Mr. FLOYD. I think that covers clearly and concisely our conten-

tions, and I think you will fully understand it.

The gentleman who just preceded me stated that we sold our highest grade of tobacco for \$1.75, but at the high peak at \$5 a pound. I just want to ask the gentleman if he will tell the committee the highest price of Sumatra tobacco in bond.

Mr. Cullman. I have sold it for \$5.50 to \$5.70.

Mr. FLOYD. In bond? Mr. CULLMAN. In bond.

Mr. Floyd. Tobacco produced in the island of Sumatra with the cheapest labor on earth, and yet in bond they sold it at \$5.50 and have not committed any crime; and we sell it at \$5 a pound at the peak of high costs, and we are charged with being inhuman and unkind.

Mr. Cullman. \$5.50 a pound, plus a duty of \$2.35 during the

emergency bill.

Mr. Floyd. If we committed a crime in selling tobacco that cost us the peak of high prices and everything that enters into production, what kind of a crime have these gentlemen committed who sold

it at \$5 in bond, produced by the cheapest labor on earth?

That is something to think of, gentlemen. Now, that is a tempest in a teapot. At two and a half—what we hope to get—is just one-half a cent a cigar. You had a gentleman here a while ago who told you he bought bales of tobacco at 50 pounds a bale, for which he paid \$15 a pound. Instead of coming to fight about that little amount, why in God's name does he not go back and try to buy his

tobacco cheaper? Did you ever stop to think that that 50 cents the Ways and Means Committee allowed us would amount to one-fifth

of a cent a cigar, on the amount of \$2.35?

You will see in that memorandum all those figures, and I challenge these gentlemen here now to tell me, without seeing the brand of the cigar, whether it would sell at \$32 or \$34. They can not do it unless it is a brand known to them. They can not tell whether it is \$80 or \$85 or \$90. It is purely a fancy article, purely arbitrary on the part of the manufacturer, whether he asks \$80 or \$85, and no one can tell that. I will leave you with that statement. I could go over a lot of these things, but I have stated that I would not take too much of your time.

Senator La Follerre. You are doing pretty well. Go ahead.

Mr. Floyd. I do not want to burden you. You have been very patient here to-day, and my little brief will tell you all that we have got to say, possibly. If you will take up the other brief we submitted to the Ways and Means Committee, that will tell you our attitude.

Senator McLean. If you want opportunity to refute any matters of fact stated here to-day, you ought to have that privilege, because they have made some statements as to acreage, etc., which you might

want to speak about.

Mr. Floyd. Gentlemen, that, after all, is merely a tempest in a teapot. That \$2.50 that we ask would be half a cent a cigar, and the duty we ask as an addition to the \$1.85 would be one-fifth of a cent a cigar. The duty that the Ways and Means Committee saw fit to give us was one-tenth of a cent a cigar. Now, is that a burden? Is that going to kill the industry? Is that going to stop the importation of tobacco—one-tenth of a cigar? When they tell you here the enormous cost of labor and the enormous cost of raw material, I want to tell you right now—and those gentlemen will not deny it—that we can go out with honest cash and buy tobacco to-day cheaper than we ever could in 10 years. Is that true?

Mr. Cullman. That is correct.

Mr. Floyd. Now, then, labor has come down about 20 per cent. You will find that all figured out for you there in that memorandum. Materials have come down enormously. A little over a year ago Porto Rican fillers were selling for \$1.60 that you can buy for 60 cents now.

Mr. Cullman. About 70 cents or 75 cents.

Mr. Floyd. And yet they say if you put this extra duty on they have got to advance the price of cigars. Isn't that funny? [Laughter.] It is a joke, gentlemen. When you add one-tenth of a cent, one of the Senators wants to stand pat. I don't. I want to protect. One Senator wants to stand pat—

Senator LA FOLLETTE. He is not all of the committee.

Senator McLean. It has been stated that the importations of Su-

matra have greatly decreased in the last month or two.

Mr. Floyd. Yes. Do you think they are going to bring it in for \$2.35 when they think you are going to let them bring it in at \$1.85? When the whole country is depressed, these men want to put the price up.

That reminds me of a little story. I have got an oil tank out at my place, and a few days ago a Standard Oil man came around and said: "You had better let me fill that tank, because the price of gasoline is going up 2 cents."

If they are going in these times to advance the price of gasoline 2 cents, I have got no patience with them. I told that man, if you will pardon the expression, that he could go to hell with his advance.

If these Sumatra men in these trying times are advancing prices, I have got no respect for them. We are taking our medicine. We sold fillers at \$3.50 last year in Florida, and I will sell you all you want to-day at \$2.50. These Sumatra men say they have got to ask more, because they have got to pay more. Let me tell you they have a cheap class of labor, and I know something about that labor.

Those people in Sumatra wear about the same amount of clothing that Eve did in the Garden of Eden. They live on 15 to 25 cents a day and eat rice and coconut meal. You gentlemen do not want to reduce our people in this country to that kind of a standard of living. If you do what these people ask, you are going to reduce the standard of living in this country. I have very little patience with a man who in 1921 will stand up here and ask for free trade. I probably would make a poor politician, but I can not help believe that we Americans ought to stand together as Americans.

Senator McLean. You are a southern protectionist?

Mr. Floyd. I was until I was nearly 40 years old, but now I am not, and I will tell you a little story about that. I appeared before the Ways and Means Committee with the Southern Tariff Association, and every gentleman, some 40, I believe, got up and made some sort of an apology such as this: "While I am a Democrat, I do

believe we ought to have protection."

I said that reminds me of a man who is a Presbyterian and believes in immersion. Protection is one of the principles of the Republican Party; it is a part of their faith, and when I left the Democratic Party I left it because I changed my faith. I believed in protection then, and I do now, and I do not believe that rice ought to be brought in free, and I do not believe that cotton ought to be brought in free, or lemons, or oranges, or any other products that we can produce in this country, and by reason of bringing them in free put our people in absolute competition with that class of labor. I am preaching, I think, to Republicans, and I wish that the gentlemen from Missiouri were here.

Mr. Cullman. Do you know what the cost of the last crop of

Sumatra averaged?

Mr. Floyd. Well, if it cost anything like what it cost us, there must be some bad management, because there was no increase in wages.

Mr. Cullman. There was.

Mr. Floyd. What do they pay?

Mr. Cullman. They were formerly paid with Mexican dollars, when they were worth 50 cents. To-day they are paid in the same coin, which is worth about a dollar in gold, so their wages have practically doubled. The cost of Sumatra tobacco last year for the entire crop was 75 cents per pound——

Mr. FLOYD. Finished?

Mr. Cullman. Finished; and shade-grown tobacco was \$1.25 per pound finished.

Mr. Floyd. You have got another guess coming on that.
Mr. Cullman. I took that statement from your own people.

Mr. Floyd. Another thing, gentlemen, that you must bear in mind, when we are talking about \$2.50; you must keep in mind all the time that you are only protecting a very small percentage of our production. The Sumatra is over 15 to 20 per cent—

Mr. Cullman. There were approximately 5,000,000 pounds of

tobacco.

Mr. Floyd. And that is about what per cent of the crop?

Mr. Cullman. Not to exceed 15 per cent.

Mr. Floyd. You are protecting us on about that per cent of to-bacco—about 15 per cent. What per cent do we get out of high-grade Habana seed——

Mr. Cullman. Is it not a fact that we raise in the United States about 200,000,000 pounds of cigar leaf?

Mr. Floyd. Yes.

Mr. Cullman. And is it not a fact that you only raise 10,000,000

pounds of shade-grown in Florida?

Mr. Floyd. Yes; but I want to call your attention to one thing. In 1918 they brought to this country—the importation got down to about 12,000 bales. Is that right?

Mr. CULLMAN. From where?

Mr. FLOYD. From Sumatra.

Mr. Cullman. No, sir. During the war, under the provision of the United States Government, there were import licenses granted to import 33,000 bales of tobacco—

Mr. FLOYD. In 1918? Mr. CULLMAN. In 1919. Mr. FLOYD. I said in 1918.

Mr. Cullman. In 1919, when there was no trading between Holland and the United States, about the same amount was imported direct from India to the United States.

Mr. FLOYD. I think the records show 12,000 to 15,000. Mr. W. L. CROUNSE. There were about 33,000 bales.

Senator McLean. The quantity from the Netherlands in 1920 was 1,512,000 pounds, and in 1921 it was 7,868,000.

Mr. Crounse. Those importations were from Holland, whereas these importations were from Sumatra and Java.

Mr. FLOYD. Do you find the figure for 1918?

Senator McLean. No; it is not given. But they show a tremendous

increase in the importation.

Mr. Floyd. During that time we made more cigars in this country than we ever made before or since. Now, I will tell you what happened here. We were asked by the Shipping Board to come down and bring them figures to show exactly the status of the tobacco business in this country, whether there were wrappers enough, and whether it was necessary to use American bottoms to bring them in order to save the industry. At a good deal of expense and trouble we got the statistics—you told me to go on, Mr. Chairman.

Senator McCumber. The 10 minutes has grown to about 15 minutes already, but I appreciate the fact that it is very hard for you to

cut your statement down.

Senator McLean. The other side had all the afternoon.

Senator McCumber. I have an engagement at this time, and I will ask you to excuse me, but if some of the other Senators would like

to stay, Mr. Floyd can continue his statement.

Mr. Floyd. I would like you to hear what I have to say, Senator, and then I will be through. It is very short. As I was saying, we brought those figures at great trouble and expense before the Shipping Board, and they gave us a good hearing and cross-questioned us, and in the meantime the boats of the Sumatra tobacco people were at the island of Sumatra being loaded. How they did that I do not know.

Mr. Cullman. Is it not a fact that the department in Washington, recognizing the necessity of the manufacturers using the Sumatra tobacco, granted an import license for a certain quantity of that

tobacco to be imported?

Mr. Floyd. Sure; but the farce of it was, why did they have us ome down here after they had granted that? That makes a fellow feel a little small when a thing like that happens.

I think that is all, gentlemen. I thank you.

Senator McCumber. The committee will now stand adjourned

until 10.30 o'clock to-morrow.

(Thereupon, at 5.35 o'clock p. m., the committee adjourned until to-morrow, Thursday, December 8, 1921, at 10.30 o'clock a. m.)

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fact that millions of cigar consumers would necessarily be deprived of the enjoyment of the smokes of the quality that they have been accustomed to.

As far as the records show, no American tobacco grower has asked for any additional protection on filler tobacco. No American farmer has complained that the imported cigar fillers are hurting American tobacco growers.

SCRAP TOBACCO-WHAT IT IS, WHAT IT IS USED FOR, AND THE DUTY THEREON.

The word "scrap" as applied to tobacco is by no means used as an arbitrary or fanciful designation, it is used in its true literary sense to describe the offal, the shorts, the fragments, the scrap, or the left-overs from the tobacco leaves placed in cigars.

Manifestly, the scrap of tobacco, like the scrap of all other substances, can not possibly have the value of the original material that it comes from, nor can an article made up of scrap have as much value as an article made up of the material in its original form. And so in the tobacco industry, imported scrap is used for the cheaper grades of cigars and in little cheroots that sell at about 30 to 35 cents per package of 10.

The pending tariff bill provides for an increase in the duty on scrap tobacco from 35 cents to 55 cents per pound. Using about 12 pounds of scrap in a thousand cigars, the increased duty would add about \$2.40 per thousand to the cost of production of cigars made of imported scraps.

Scrap is also a manufactured tobacco put up in small packages for sale to the consumer for chewing or pipe smoking. But the quantity of imported scraps used for that purpose is indeed insignificant. However, had this provision for increased duty on scrap tobacco been framed to apply only to manufactured tobacco put up in packages ready to be sold-to the consumer in competition with domestic manufactured scrap tobacco there would, of course, be no objection. But, according to the language of the paragraph, the increased duty applies to both "manufactured or unmanufactured tobacco." Thus, scrap tobacco imported into this country by cigar manufacturers purely as filler tobacco to be used in the manufacture of cigars would be subject to the additional duty of 20 cents per pound.

No American tobacco grower has asked for additional protection on filler tobacco imported from Cuba, for it is indeed well recognized that the importation of Cuban tobacco is a benefit rather than a detriment to American tobacco, because it is the Cuban tobacco when used as a blend with domestic tobacco that gives the cigar a flavor or aroma that can not be obtained in any other way.

Indeed, we can hardly understand the attitude of the Ways and Means Committee in raising the duty on Sumatra wrapper and on scrap fillers, both of which are used in the poor man's smokes. The great bulk of Sumatra wrapper is used on cigars selling at 8 cents or less, while most of the imported scrap tobacco is used in cheroots or little cigars selling at less than 5 cents each (10 for 35 cents). It is needless to say that the margin of profit on these cheap articles must necessarily be exceedingly small, and that neither the manufacturer nor the jobber or retailer can absorb the least increase in cost or taxes.

Why, then, impose these additional burdens on the c'gar industry, when, as it must be clearly apparent, the manufacturer can not possibly absorb them? And to shift them on the consumer would mean a still further decline of business, which must not only result in disaster to the industry, but in minimized revenue to the Government as well.

THE SMALL MANUFACTURER.

There is another phase of the situation to be considered—that is, the condition of the small manufacturer. The big manufacturer, who makes several hundred million cigars a year, may be able to get along with a small profit—although operating on a small margin of profit in the tobacco business, where any change in atmospheric conditions or any slight mistake in the treatment of the tobacco may cause sufficient deterioration of the material to wipe out the entire profit and produce a substantial loss—is like skating on thin ice. But can the little fellow, who makes 10,000 cigars a week or 500,000 cigars a year, exist unless he makes a reasonable profit?

It will be seen from the records of the Internal Revenue Department that while there were 17,137 cigar manufacturers in business in 1914, there were only 11,291 manufacturers in business in 1919. Thus, 5,846 manufacturers have

gone out of business since the war. What was the cause of it? The explanation is, indeed, simple. While the big manufacturers were able to withstand the increased cost of production and the higher rates of taxes, with the increased capital necessarily required in the carrying of high-priced material, because of their large outputs, the small man could not stand it and hence his enforced retirement from business.

Any incease in duties on wrappers, fillers, or scraps would impose a further hardship upon the small man not only because of the curtailment of his already minimized profit, but because of the additional cash investment required in the

payment of the increased duties.

This phase of the situation is respectfully brought to your attention not merely as a plea for the small man, but for the purpose of demonstrating the closeness of the margin of profit under which we have been operating since the war. For with a reasonable profit on the business the small man can read ly thrive, prosper, and succeed in spite of the competition of the large concern, but with the profits minimized, as they have been minimized since the war, the difficulties of the small man were, indeed, more than he could stand, as is evidenced by the fact that over 33 per cent of the small manufacturers have withdrawn from the business since 1914.

THE ADDITIONAL DUTIES SHOULD BE ELIMINATED.

In view of the facts and circumstances thus presented, we respectfully urge that any increase in the tariff duties on tobacco would cause disaster to the industry, as well as loss of revenue to the Government, and would in no way benefit the American tobacco growers, whose interests are more than sufficiently protected under the present tariff rates, for the imported tobacco not only does not compete with the domestic tobacco but is indeed essential in order to keep up our present rate of consumption.

All of which is respectfully submitted by Cigar Manufacturers Committee of

the Tobacco Merchants' Association of the United States.

CHAS. J. EISENLOHR, Chairman. CHARLES DUSHKIND, Counsel.

COMMITTEE.

Charles-J. Eisenlohr, president Otto Eisenlohr & Bros. (Inc.). Philadelphia, Pa., chairman; R. J. Plate, secretary The Deisel-Wemmer Co., Lima, Ohio; W. H. Kraus, secretary Kraus & Co. (Inc.), Baltimore, Md.; Fred Hirschhorn, president General Cigar Co., New York, N. Y.; Abraham I. Lew's, I. Lewis Cigar Manufacturing Co., Newark, N. J.; Harvey L. Hirst, secretary Bayuk Bros. (Inc.). Philadelphia, Pa.; Leonard Wertheimer, Wertheimer Bros., Baltimore, Md.; A. L. Sylvester, president Amer'can Cigar Co., New York, N. Y.; Jacob Mazer, secretary Mazer Cigar Manufacturing Co., Detro't, Mich.; Jacob Loeb Langsdorf, president Antonoi Ro'g & Langsdorf, Philadelphia, Pa.; Joseph Muer, Swift Cigar Co., Detroit, Mich.; George H. Hummel, vice president P. Lorillard Co., New York, N. Y.; John H. Fendr'ch, H. Fendrich (Inc.), Evansville, Ind.; Julius Klorfein, Julius Klorfein, New York, N. Y.; G. W. Van Slyke, president G. W. Van Slyke & Horton, Albany, N. Y.; Moritz Haas, Haas Bros., C'ncinnati, Ohio; D. Emil Klein, pres'dent Consolidated Cigar Corporat'on, New York, N. Y.; Milton S. Heineman, Heineman Bros., Baltimore, Md.; Morris D. Neumann, of Morris D. Neumann & Co., Philadelphia, Pa.; Mort'mer Regensburg, E. Regensburg & Sons, New York, N. Y.

(For further details we respectfully refer to the brief filed by this committee with the Committee on Ways and Means; House Tariff Hearings, p. 1554.)

STATEMENT OF MARCUS L. FLOYD, REPRESENTING THE NEW ENGLAND TOBACCO GROWERS' ASSOCIATION AND THE FLORIDA AND GEORGIA TOBACCO GROWERS' ASSOCIATION.

Mr. Floyd. Mr. Chairman and gentlemen, I think in coming here I probably represent one of the most important industries in this country, and that is in the production of cigar-leaf tobacco. I want to say to that part of the committee that is here, and I will not make

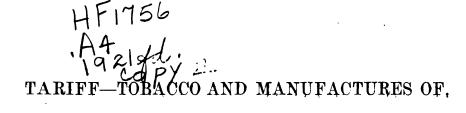
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LEIGHTON C. TAYLOR, Clerk. W. B. STEWART, Assistant Clerk.



WEDNESDAY, DECEMBER 7, 1921.

United States Senate, COMMITTEE ON FINANCE, Washington, D. C.

The committee met pursuant to the call of the chairman, at 10.30 o'clock a.m., in room 312, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La

Follette, McLean, Watson, Calder, Simmons, and Walsh.
The CHAIRMAN. The committee is meeting this morning for the purpose of hearing gentlemen interested in the tobacco schedule.

STATEMENT OF HON. DUNCAN U. FLETCHER, UNITED STATES SENATOR FROM FLORIDA.

Senator Fletcher. Mr. Chairman and gentlemen, I have only a short statement to make in connection with this matter. I am satisfied that I shall not unnecessarily take the time of the committee by reading a short letter which will supplement the statement of Mr. Pendas, whom I will introduce in a moment and who will discuss the subject in greater detail, based on his extensive experience and knowledge.

I wish to direct your attention to paragraph 601, Schedule K-

tobacco and manufactures of.

I hope the committee will allow me to refresh their memories as to the existing law and to compare that with the proposed law in H. R.

Under the act of 1909, Schedule F, paragraph 220, we find the following:

Wrapper tobacco, and filler tobacco when mixed or packed with more than 15 per centum of wrapper tobacco, and all leaf tobacco the product of two or more countries or dependencies when mixed or packed together, if unstemmed, \$1.85 per pound; if stemmed, \$2.50 per pound.

Filler tobacco, not specially provided for in this section, if unstemmed, 35 cents per

pound; if stemmed, 50 cents per pound.

Then paragraph 224 read:

Cigars, cigarettes, cheroots of all kinds, \$4.50 per pound and 25 per cent ad valorem, and paper cigars and cigarettes, including wrappers, shall be subject to the same duties as are herein imposed upon cigars.

That is the act of 1909. The act of 1913 is the same. No change is made in either act in respect to these matters I have mentioned.

The emergency tariff act of March 27, 1921, did make a change with reference to wrapper tobacco and filler, so that the wrapper tobacco and filler tobacco when mixed or packed with more than 15 per cent of wrapper tobacco, and all leaf tobacco, the product of two or more countries or dependencies when mixed or packed together, if unstemmed, \$2.35 per pound; if stemmed, \$3 per pound. Under the act of 1913, the price if unstemmed was \$1.85 per pound and if stemmed \$2.50 per pound, but under the emergency tariff act the duties now are \$2.35 per pound if unstemmed and \$3 per pound if stemmed.

There were no changes as to the duty on cigarettes, cigars, and cheroots in the act of 1909 and none proposed in the bill now before you, paragraph 605. It is practically the same as paragraph 224 under the act of 1909 and paragraph 185 under the act of 1913.

In H. R. No. 7456 it is proposed to make the duty on wrapper tobacco and filler tobacco when mixed or packed with more than 50 per cent of wrapper tobacco, and all leaf tobacco the product of two or more countries or dependencies when mixed or packed together, if unstemmed, \$2.10 per pound; if stemmed, \$2.75 per pound, instead of \$1.85 per pound and \$2.50 per pound, respectively, as carried in the act of 1909 and the act of 1913, and \$2.35 per pound and \$3 per pound, respectively, as carried in the emergency tariff act.

The item known as Turkish tobacco has no corresponding provision in the acts of 1909 and 1913.

Also, the emergency tariff bill makes no change with reference to "filler tobacco, not specially provided for in this section," and it is still carried in the emergency tariff bill, as in the acts of 1909 and 1913, the bill now before you proposes to make a change in that item so that it will read:

Filler tobacco not specially provided for, if unstemmed, 45 cents per pound; if stemmed, 60 cents per pound: *Provided*, that filler tobacco, not specifically provided for, commonly used without removing the stem shall be subject to the same duty as stemmed.

Manufacturers of Habana cigars in Tampa, especially, are insisting that these duties ought not to be raised beyond the acts of 1909 and 1913. Concretely, they contend this, and urge it upon the committee: First, that such duties as are carried in the emergency act of 1921, or the House bill now before you, will cause a decrease of importation and a consequent loss of revenue; secondly, that it will cause at least a partial shutting down of factories and the throwing of people out of employment. There are engaged in this work, in the cigar industry in Tampa, some 15,000 people, while in Key West there are some They feel sure that this will make the Habana 5,000 so engaged. cigars so costly that the consumers will be limited in number, the demand diminished, and the industry seriously injured, if not ruined. They point to an experience which Mr. Cuesta informs me about I have not seen the law, but my information is that in 1920 England added a 50 per cent ad valorem tax on the existing taxes, with the result that whereas 50,000,000 cigars had been imported from Cuba to England the year before, following this additional 50 per cent ad valorem tax only 2,000,000 cigars were imported that year or the year after, so that England has been obliged since then to repeal that additional tax. That is one experience which I think perhaps ought to have some weight with this committee.

Senator McLean. That was the duty on the imported Havana?

Senator Fletcher. Havana; yes, sir.

I am speaking not from the standpoint of a representative of the manufacturers or the dealers or the producers, but from the standpoint of the public generally and as a citizen.

Mr. Peter O. Knight has written me a letter which I wish to submit to the committee as coming from a citizen thoroughly informed on the subject. He says:

I regret exceedingly that I shall be unable to be present at the hearing of the tariff

schedule before the Senate Finance Committee December 7.

Mr. Pendas and I last summer were requested by the Clear Havana Cigar Manufacturers' Association and the Tampa Board of Trade, of this city, to be present at the hearing when it should be held; and, as you know, I held myself in readiness for two months during the summer to attend the hearing; but this particular schedule did not come up for consideration and the matter was then deferred, and it will now be impossible for me to go.

I am quite sure that when the members of the Finance Committee thoroughly understand this situation, instead of increasing the duties on the raw material they will

decrease the same.

As you know, the manufacturing of clear Havana cigars in the United States is of comparatively recent growth. Years ago all of the clear Havana cigars were manufactured in Cuba, and there were not consumed in this country over 40 or 50 million of clear Havana cigars annually. Finally, by reason of a tariff ball passed, such a duty was fixed on the raw material as compared to the duty on the manufactured article as that the manufacturer could import into this country from Cuba Cuban tobacco, manufacture it into cigars, thus making a clear Havana cigar in this country, and sell the same cigar for 10 cents that could not be made in Cuba and sold in this country for 15 cents. And so on. The result was the building up of the clear Havana industry in Tampa and in Key West, particularly. To such an extent has this industry grown as that there is now manufactured in Key West approximately 60 or 70 million cigars annually, and there has been manufactured in Tampa as high as 400,000,000 clear Havana cigars annually; whereas the province of Havana in Cuba has never exceeded in production 220,000,000 clear Havana cigars annually. And there are imported into this country now from Cuba not very many more clear Havana cigars than were imported into this country before the clear Havana industry in the United States started. So the passing of this particular tariff bill was a magnificent piece of constructive work.

During the last few years, however, because of conditions existing, the internal revenue tax has been increased enormously, the tariff has been increased on the raw material to such an extent as that the clear Havana manufacturer in this country is unable now, with the present internal revenue and customs taxes, to manufacture

clear Havana cigars that can be sold by the retailer at two for 25 cents.

Now, during the last few years, when the laboring man received \$40 a minute and business men of very ordinary capacity made several hundred thousand dollars perannum, it was an easy matter for the manufacturer to pay the tax and to sell their cigars for 20 and 25 cents a piece, because the people were on a magnificent drunk and cared not what they spent and paid for their cigars. But now that we are getting back to sane conditions, they are unwilling and unable to pay such prices for cigars. And the result is that, with the present tariff and internal revenue taxes, the clear Havana industry is moving along in this city at only about 50 per cent production, and even though, commencing April, 1920, there was a 10 months' strike and the manufacturers here were unable to produce any cigars scarcely, and the shelves of the retailers of the United States were absolutely clear of Tampa cigars when the industry resumed operations the beginning of this year. Unless the tariff on the raw material and internal revenue taxes are reduced so as to place the clear Havana manufacturing industry in this country on the same basis that it existed prior to the war, it is my opinion that the production of clear Havana cigars in this country will be reduced by half, for the reasons above stated. The people, as a rule, can not pay 15 cents for a cigar; and that is what they must do at the present time if they are going to buy clear Havana cigars made in Tampa or Key West—from 15 cents up

If the tariff is increased, as proposed in the bill, the effect will be most disastrous

If the tariff is increased, as proposed in the bill, the effect will be most disastrous It will probably place the manufacturer in this country where he will be unable to make a clear Habana cigar that the retailer will be able to sell for less than 20 cents. How many people in the United States will spend 20 cents for a cigar? With the tariff increased as proposed in the pending bill, you will put the manufacturer in Cuba and the manufacturer in this country on such a parity as that the manufacturer in Cuba will be able to sell his cigars in this country at probably the same price that the manufacturers in this country will have to sell their cigars for. And you know that smokers of clear Habana cigars have an idea that a Habana cigar can only be made in Habana; and if, therefore, they can buy a cigar made in Habana for the same price as a

cigar made in Tampa, they will buy the cigar made in Habana.

Now, this industry has paid enormous taxes to the Government annually, the taxes in Tampa alone amounting to several million dollars a year, and the industry here has gone under full steam for about 20 years.

For what purpose is this measure passed? Is it to aid the manufacturer and enable him to continue in business? And is it to enable the Government to raise increased revenue? If that is the purpose of the bill, then, as above stated, the tariff should be

decreased and not increased.

The present tariff on filler is 28 cents a pound net; and on wrapper, \$1.88 a pound net. It is perfectly absurd to say that the grower of domestic tobacco should receive more protection than this. As a matter of fact, domestic-grown tobacco, as a rule, is not worth 28 cents a pound for filler or \$1.88 a pound for wrapper. The manufacturer here must pay not only 28 cents duty for filler and \$1.88 for wrapper, but in addition thereto. the price that he pays to the grower in Cuba for the tobacco, plus the amount of freight from Cuba to the United States. So, from any standpoint, proper protection to the domestic grower of tobacco, protection to the clear Habana manufacturer to enable him to continue his business in this country, and necessary revenue to the Government, the present Federal taxes, internal revenue, and customs on the raw material, should be reduced. If it is not reduced, the tax on the manufactured article should be

Tampa is now a thriving city of seventy-odd thousand people, built up by this cigar industry. You, of course, may know the consequences to the city and its inhabitants if the industry is destroyed or seriously affected. The people here are much concerned with reference to this matter; but I have full confidence that, when the honorable members of the Finance Committee understand this situation, they will take no action that will injuriously affect any industry in this country.

With best wishes, and assurances of the highest regard, and regretting my ina-

bility to present this matter personally, I remain,

Sincerely, yours,

PETER O. KNIGHT.

Mr. Knight is well acquainted with all the details of this industry and has been in touch with it for some 20 and odd years. He is a gentleman of the highest standing.
Senator Smoot. Do you think that 10 cents a pound increase is going to destroy that business?

Senator Fletcher. Do you mean as proposed by this bill on "filler tobacco, not otherwise provided for"?

Senator Smoot. Yes. It is such a small amount.

Senator Fletcher. That it is the smallest increase proposed and the least serious but that amounts to a very considerable sum. Senator, and the manufacturers are running now on about half

Senator Smoot. But that is better than a good many of the other

businesses of the country are doing.

Senator Fletcher. Well, it is a pretty serious thing for them, and they claim that they can not continue. Certainly they can not continue anything approaching their normal capacity because the people will not pay the increased price that will be necessary. That increase would add \$2.10 per thousand to the cost of the cigars.

Senator Smoot. The emergency tariff bill is 50 cents. Senator FLETCHER. Yes; I realize that.

Senator Smoot. This is taking off 10 cents from the emergency tariff.

Senator Fletcher. It is less than the emergency tariff, but the emergency tariff bill is too severe.

Senator McLean. You are addressing yourself to the filler?

Senator Fletcher. To the filler—"not otherwise provided for."

With reference to the wrapper, Florida has a very important industry in the growing of wrappers. This wrapper and the Connecticut wrapper compete with Sumatra and Java but very slightly with the Habana. The duty on the Habana wrapper, one way or the other, does not affect them so much, because the importation of Habanas is negligible as compared with the wrapper generally. The real competitors are the wrappers from Sumatra and Java. Our people in Florida feel that their competitors are Sumatra and Java and not Habana, as far as the wrapper is concerned, so that there is no conflict in the claim that the duty should not be raised on "wrapper tobacco and filler tobacco when mixed or packed with more than 15 per cent of wrapper tobacco," coming from Cuba, but should be continued as in 1909 and 1913. Whatever the duties which may be imposed upon Sumatra and Java wrappers, the duties on Cuban wrappers and fillers ought not to be increased over 1913, but lowered. Sumatra and Java alone are the real competitors of our growers—not Habana.

Senator McLean. I understand you have no objection to the rate

on the wrapper as contained in the emergency bill?

Senator Fletcher. If it can be separated so that it will not cover

the Habana wrapper.

Senator McLean. Of course, the Habana wrapper gets 20 per cent. Senator Fletcher. That is very small. I see no reason why the bill should not specify Sumatra and Java wrappers and eliminate the Habana wrapper entirely. It should be eliminated from that classification.

I want to ask the committee to let me file a brief, furnished by Mr. K. I. McKay, a distinguished attorney, for the manufacturers in Tampa, who is here to be heard if you have time, but is willing to have his argument incorporated in the hearings.

The CHAIRMAN. It will be so ordered.

(The brief referred to by Senator Fletcher is here printed in full in the record, as follows:)

Brief on Behalf of the Cigar Manufacturers' Association of Tampa, Fla., in Opposition to the Increase of Duty on Wrapper and Filler Tobacco Imported from Foreign Countries.

The tendency of Congress always has been to impose a higher rate of taxation on luxuries than on necessities. No one can justly complain of the propriety of the disposition of Congress in this respect. However, there are certain commodities which, while in their true sense they are not absolute necessities of life, yet by reason of their constant use by a large proportion of the people, are to a great extent regarded as necessities. This class of commodities, no doubt, for the purpose of raising revenue to defray the necessary expenses of government, should be taxed at a higher rate than those commodities that are in a strict sense recognized as necessaries of life, but it is manifestly wrong to tax a commodity that is universally used and contributes to the comfort and happiness of the people, even if it is not strictly a necessity of life, to such an extent as to place it beyond the means of the average citizen. It is also manifestly unfair for the Government, after following for many years a policy of taxation upon an industry that has made it profitable for men to invest their money in it and devote their time to it, to radically change the policy in such manner as to render the further conduct of the industry unprofitable and thereby cause serious loss to those who have invested their capital in it and made it a lifework so that if it now becomes unprofitable to continue it they will not only suffer loss of their investment, but will be deprived of the only occupation they are especially trained to follow.

Prior to the year 1885, the manufacture in the United States of cigars from imported Cuban tobacco was an industry not very extensively engaged in. The factories making this class of cigars in the United States were principally located at Key West, Fla., and New York City. Due to constantly recurring labor troubles encouraged and made possible by the concentration of a large number of workers in the industry at a single place at great distance from any other place where the industry was extensively engaged in, it became evident that it would be necessary to remove at least a part of

Senator McLean. The other side had all the afternoon.

Senator McCumber. I have an engagement at this time, and I will ask you to excuse me, but if some of the other Senators would like

to stay, Mr. Floyd can continue his statement.

Mr. Floyd. I would like you to hear what I have to say, Senator, and then I will be through. It is very short. As I was saying, we brought those figures at great trouble and expense before the Shipping Board, and they gave us a good hearing and cross-questioned us, and in the meantime the boats of the Sumatra tobacco people were at the island of Sumatra being loaded. How they did that I do not know.

Mr. Cullman. Is it not a fact that the department in Washington, recognizing the necessity of the manufacturers using the Sumatra tobacco, granted an import license for a certain quantity of that

tobacco to be imported?

Mr. Floyd. Sure; but the farce of it was, why did they have us ome down here after they had granted that? That makes a fellow feel a little small when a thing like that happens.

I think that is all, gentlemen. I thank you.

Senator McCumber. The committee will now stand adjourned

until 10.30 o'clock to-morrow.

(Thereupon, at 5.35 o'clock p. m., the committee adjourned until to-morrow, Thursday, December 8, 1921, at 10.30 o'clock a. m.)

to estimate, it is safe to say that the average advance made by the Tampa manufacturers on the list prices of their goods during the period of excessive prices that until recently had prevailed in this country, did not exceed 35 to 40 per cent on the prewar prices.

Inability of the manufacturers to sell their product at these increased prices under present conditions has forced them to largely discontinue these advances and in many instances they are now forced to make a price to their customers substantially the same

as it was before these increases were put into effect.

Prior to the beginning of the conditions that have so disturbed the industry, cigars were subject to an internal-revenue tax of \$3 per thousand, which was paid by affixing internal-revenue stamps to the statutory package. Under the present revenue law this tax has been very substantially increased. The existing internal-revenue law requires the manufacturer to attach classification stamps to the boxes in which the cigars are packed according to the price at which the cigars are to be ultimately retailed, as follows:

Class A. Cigars retailed at 5 cents or under, \$3 per 1,000. Class B. Cigars retailed at 5 cents to 8 cents, \$6 per 1,000. Class C. Cigars retailed at 8 cents to 15 cents, \$9 per 1,000. Class D. Cigars retailed at 15 cents to 20 cents, \$12 per 1,000. Class 3. Cigars retailed at 20 cents and up, \$15 per 1,000.

The present internal-revenue law is a serious handicap to the cigar manufacturer over and above the amount of revenue tax he is required to pay. If he finds that he is losing money upon a certain size or kind of cigar that he is producing, and in order to continue its manufacture he is compelled to raise the price \$2 or \$3 a thousand, which increase is passed on by the jobber to the retailer, the retailer finds that in order to handle the cigar at a profit he must raise the retail price at which it is sold to his customers. This raise in retail price forces the cigar into a higher classification under the internal-revenue law and subjects it to an additional tax of \$3 per 1.000, which tax the manufacturer is required to pay. The result is if the manufacturer mises his price \$2 a thousand, and because of the same the cigar is forced into a higher retail-priced class, he is required to place an additional \$3 per 1.000 revenue stamp on the cigars, his increase of \$2 per 1.000 results in an actual loss to him of \$1 per 1.000; or, in other words, in order to raise the price \$2 per 1.000, which increase in many instances renders the cigar unsalable because of prohibitive price.

The average retail prices of cigars throughout the United States have become fixed

The average retail prices of cigars throughout the United States have become fixed by long-established custom, and it is extremely difficult for a retailer to make any substantial advance in the retail price of any well-established brand of cigars. If he does so, he drives away his trade on that particular brand. If he can not sell the cigar at an advance in price and his margin of profits on the previously prevailing price is only fair, as it must of necessity be in order to enable him to meet competition, he can not stand an increase in price from the manufacturer under such conditions. The result will be that as the manufacturer can not continue to make cigars and sell them to his trade without a profit or at a loss, his factory will be shut down, he will lose his investment, his employees will be out of employment, and the Government, by prohibitive taxation, will have killed the goose that has been laying for it the

golden egg.

Prior to the abnormal conditions that disturbed the cigar industry in common with other industries, approximately 80 per cent of the cigars manufactured in the Tampa factories were of the kind that retailed at 10 cents and two for 25 cents. The present cost of material and labor and other supplies, as well as the advanced internal-revenue taxes, the manufacturer is now required to pay, have made it impossible for any cigar manufacturer in the United States to produce a clear Havana cigar that can be sold at retail for 10 cents, but the manufacturers realize that in order to continue in business and stimulate the sales of their higher-priced goods, upon which they can make some profit, they must make a cigar that can be sold at a price within the means of the average smoker, or in other words a cigar that will retail at not exceeding two for 25 cents. After a most careful calculation the clear Havana manufacturers of Tampa have determined to put such a cigar on the market and they have been supplying it to the trade for the past several months.

The cigar so made costs \$90.50 per 1,000 to produce, including revenue taxes and other incidental expenses leading up to the production of the completed package. They have found it impossible to obtain from the jobbers a higher price than \$83.50 per 1,000 for this cigar. In other words, the jobbers can not pay more than this price for this cigar and sell it to the retailers at a price which will enable them to retail it at two for 25 cents. This being the cheapest clear Habana cigar produced by the manufacturers, it necessarily follows that the bulk of the production of the factories

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The cost of filler and wrapper tobacco shown on the above tabulation includes the duty under the Underwood Tariff Act of 1913, after giving credit for 20 per cent Cuban reciprocity; the existing emergency tariff act, inasmuch, as it is only a temporary measure, being disregarded in this brief. Neither are the figures in the foregoing tabulation based on the cost of tobacco purchased at the high market. They are based on the cost of this year's crop of tobacco, which is substantially less. They are also based on the minimum of wages according to a reduced schedule that the manufacturers have recently been forced to put into effect, and which the workers, recognizing the necessity, have accepted as just. The highest price at which any jobber will or can purchase cigars and resell them to the retailer, at a price that will enable the retailer to retail them for 15 cents each, is \$105 per thousand. Any increase over that price forces the jobber to add to his price, which in turn forces the retailer to make an addition to the price that will cause the cigar to be sold for above 15 cents. The proposed increase of 25 cents a pound on wrapper and 10 cents a pound on filler above the tobacco schedule in the act of 1913, is in effect an increase of 20 cents a pound on wrapper from Cuba and 8 cents a pound on filler from Cuba, because of the Cuban reciprocity treaty. This increase of duty, as applied to the cost of the production of this particular cigar, will result as follows:

Additional duty of 20 cents per pound on 5 pounds of wrapper	\$1.00 1.73
-	
Net increase of duty	2.73

This is 19 cents more than the \$2.54 net profit as shown by the above tabulation. The cigar being one that is designed for sale at 15 cents, and the price of \$105 per thousand being the maximum at which a manufacturer can sell that class of cigars, an addition to the manufacturer's price of sufficient to take care of this increased duty will force the jobber to raise the price to the retailer and the retailer to raise the price to his trade, but the moment the retailer raises the price on this cigar above 15 cents it is thrown in Class D under the internal-revenue law, and is forced to pay \$3 additional revenue tax, and therefore this increase of \$2.73 in duty on the tobacco that goes into the making of a thousand of these cigars in reality imposes an additional tax of \$5.73 per thousand on the manufacturer. The trade will not stand this increase. The result will be that if this increase goes into effect, the manufacturer will be forced to discontinue the production of this cigar.

The following tables show the average amount of duty and internal revenue paid on a thousand cigars manufactured during the years 1917, 1918, 1919, 1920, and the first six months of 1921 by Cuesta, Rey & Co. and the Habana-American Co. branch of the American Cigar Co., and during the years 1919 and 1920 by Celestino Vega & Co.,

three of the principal clear Habana factories of Tampa:

Cigars produced, average amount of duty, and internal revenue paid.

CUESTA, REY & CO., TAMPA, FLA

Year.	Cigars pro-	Duty paid.	Internal revenue.	Total per 1,000.
1917 1918 1919 1920 1921	9, 343, 695 8, 537, 407 3, 019, 349	\$99, 415, 26 90, 263, 00 90, 307, 21 24, 731, 87 44, 713, 29	\$36, 540, 13 54, 095, 69 72, 449, 64 35, 125, 00 29, 503, 71	\$12. 10 15. 4 19. 00 19. 40 26. 30
HAVANA-AMERICAN CO., BRANCH	AMERICAN	CIGAR CO., 7	TAMPA, FL	Α.
1917 1918 1919 1920 1921	. 10, 140, 176 . 9, 185, 293 4, 592, 731	\$103, 947. 52 83, 866. 40 81, 253. 63 36, 001. 31 50, 281. 67	\$44, 968, 28 60, 178, 82 85, 017, 93 38, 277, 23 47, 444, 40	\$12, 9 14, 2 18, 1 16, 1 22, 6
CELESTINO VEGA	& CO., TAM	PA, FLA.		
	6, 850, 765	\$16, 422, 74	\$60, 032, 71	\$15.5

The proposed increase in tariff, with its attendant forcing the cigars produced into a higher classification under the existing internal revenue law, will impose aggregate Federal taxes on cigars produced by the clear Habana factories at Tampa of approximately 30 per cent of the gross price at which the cigars are sold by the manufacturer, a rate of taxation that is probably not imposed upon any other industry of any size in the country, whether it is engaged in the production of necessities or luxuries.

It requires, and by existing internal-revenue regulations the Government allows, 25 pounds of unstemmed tobacco to produce 1,000 cigars of the average size, although many manufacturers in Tampa find at the end of the year that the cigars produced by them have consumed substantially more than that average of tobacco per thousand, and they are annually required to pay additional revenue tax on an apparent shortage of cigars produced and accounted for as compared with the tobacco consumed or furnish evidence to the Government that the cigars produced consumed more than 25 pounds per thousand. To produce the average size cigar requires approximately 5 pounds, of unstemmed wrapper and 20 pounds of unstemmed filler. The duty on this tobacco, under the tariff act of 1913 was as follows:

5 pounds of wrapper at \$1.85	\$9. 25 7. 00
Less 20 per cent reciprocity	16. 25 3. 25
Net duty	13.00
Under the tariff proposed in schedule 6 this duty would be as followed	ows:
5 pounds of wrapper at \$2.10	\$10.50 9.00
Less 20 per cent reciprocity	19. 50 3. 90
Net duty	

This would be an increase of \$2.60 duty on the raw material that goes into making each thousand of clear Habana cigars. This is substantially more than the average profit now made by clear Habana cigar manufacturers of Tampa, and, in fact, it is more than the average profit that was made by these factories per thousand cigars made by them prior to the disturbed trade conditions that have resulted from the war, and as shown, if the manufacturers are forced to increase their selling prices sufficiently to take care of this increased duty on raw material, they automatically force their goods into a classification under the internal revenue law that imposes an additional increase in taxation of \$3 a thousand, which results in placing the manufactured article at a price at a which is the results in placing the manufactured article at a

price at which it becomes unsalable.

This statement has practical proof in the experience of Great Britain. Prior to April, 1920, Great Britain imposed a duty of a shilling an ounce on cigars. In April, 1920 that country increased the duty on imported cigars by adding an advalorem tax of 50 per cent. The consumers could not or would not pay the price the dealers were forced to charge after paying this increased duty, and the importers found it necessary to immediately cancel all orders they had placed with the Habana factories. It is history in the cigar industry that shortly after April, 1920, many of the cigar factories in Habana and other parts of Cuba were practically shut down and have since been producing almost entirely for local consumption, and that exports of manufactured cigars from Cuba since that time have been negligible. Previous to the imposition of this heavy additional duty, Great Britain was the chief importer of cigars manufactured in Cuba, but during the period from July 1 to December 31, 1920, the importation of cigars from Cuba to England was only 2,000,000. The Government recognized that the tax imposed had resulted in the destruction of a substantial source of revenue, and repealed it, but the trade has become disorganized and it will probably be many years before it can be rehabilitated to the proportions existing prior to April, 1920.

The same proportionate loss of revenue from duty on tobacco from Cuba may be expected if any further duty is imposed upon the raw material, for the reason that the manufacturers can not pay for the material and the cost of production and the additional taxes and sell their cigars at a price that will enable the retailer to sell them to the consumer at a price within his reach, or that he is willing to pay.

Moreover, the country owes a very real duty to Cuba, especially in its present financial distress. The finest tobacco grown anywhere is raised in Cuba. This is due to soil and climatic conditions. To protect the integrity of the crop, Cuba prohibits

the importation to the Island of any other tobacco or seed of tobacco. It is the second product of Cuba in importance. Any advance in duty that will reduce the consumption of this raw material in the United States will do great injury to the Cuban tobacco growers, and will add to the distress and chaotic conditions now existing in that

EFFECT ON DOMESTIC TOBACCO GROWERS.

Owing to the high cost of Cuban wrapper, many manufacturers have of late years been producing what is known as the Connecticut shade grown wrapped cigar. of the best established brands in the country are of this kind. This cigar is produced by placing a wrapper of Connecticut shade-grown tobacco on a clear Habana filler. The growing of tobacco in Connecticut is a large industry. It represents an extensive investment of American capital and affords employment to many American citizens. If the manufacturer can not afford, on account of excessive tariff on Cuban filler tobacco, to continue making cigars of this class. a distinctive branch of the cigar industry will be destroyed, and the Connecticut tobacco grower will suffer. Connecticut shade-grown wrapper tobacco on account of the development of the Habana filled Connecticut shade grown wrapped cigar as a branch of the cigar industry, has advanced in price during the past five or six years from as low as \$1.75 to as high as \$5.50 a pound. During all the years that tobacco has been grown in Connecticut, the demand for it

was so limited that the price was kept at about the low level indicated. Since the enormous development of the Habana-filled, Connecticut-shade-grown, wrapped branch of the cigar industry, the demand for Connecticut wrapper tobacco has become so great as to increase the prevailing price as above stated. It necessarily follows that if the manufacturer of this grade of cigars can not profitably continue its manufacture because of the prohibitive cost of the filler that goes into it, the demand for the Connecticut wrapper will fall off and the price of Connecticut wrapper

to the trade will recede in keeping with the demand for it.

Cuban tobacco is used not alone in clear Habana and shade-grown wrapped cigars, and this is especially true of filler. Many manufacturers, due to the present high rate of taxation, are forced to use a substantial quantity of domestic tobacco in the production of their cigars. This is done by blending the Cuban filler with domestic filler and wrapping the cigar with Connecticut-shade-grown, Florida-shade-grown, or imported Sumatra or Java wrappers. The cigar so produced satisfies many smokers, although it is not as fine in quality as the cigar made entirely from Cuban tobacco. A cigar produced entirely from domestic-grown tobacco is usually unpalatable and will not satisfy the average American smoker.

Over 670,000,000 cigars are manufactured in Ohio annually and 40,000,000 pounds of cigar leaf are annually grown in that State and marketed all over the country. This leaf tobacco is used largely for filler. A good share of it is blended with Cuban filler, and a large portion of it is used in Sumatra or Java wrapped cigars. Ohio tobacco is regarded as a very good domestic filler, but it is only because of the smoother taste and sweeter aroma and better appearance acquired by the finished cigar through the judicious admixture of foreign-grown leaf tobacco that the production of Ohio cigar leaf has reached the figure of 40,000,000 pounds annually, and that the production of Ohio cigars has extended itself to 670,000,000.

Wisconsin binders are almost invariably used in the manufacture of what is known as cigars of the seed and Habana or blended type. The less foreign-grown filler and wrapper tobacco we use, the less Wisconsin binder tobacco we use. No informed person will claim that the present production of Wisconsin tobacco of 60,000,000 pounds per annum would ever have reached half that figure or will ever again approximate that quantity under taxation that will render the use of imported tobaccos

for blending therewith unprofitable.

Pennsylvania produces annually approximately 2,100,000,000 cigars, or about 25 per cent of the production of the entire Nation. This State also produces 55,000,000 pounds, or 25 per cent, of all the cigar leaf annually raised in the United States. A cigar made entirely of Pennsylvania tobacco is not the kind that satisfies the taste and requirements of the average smoker, but when blended with Habana tobacco and wrapped with a Sumatra or Java wrapper is in large demand. Pennsylvania tobacco does not make fine wrapper. It is chiefly suitable for filler and binder. If a certain percentage of Cuban filler is not available to blend with Pennsylvania tobacco, the demand for Pennsylvania cigars will be materially affected and the Pennsylvania tobacco grower will correspondingly suffer.

PROPOSED INCREASE IN DUTY ON SCRAP FROM 35 CENTS TO 55 CENTS PER POUND.

Tobacco known to the trade as "scrap" is the cuttings, trimmings, and small particles of the leaf that accumulate from working up the leaf into the long-filler cigars. This scrap is used to blend with domestic leaves in making up filler for the cheaper grades of cigars. It would seem illogical to impose a tariff of 45 cents a pound on filler tobacco and 55 cents a pound on scrap, which is merely the by-product salvaged from working up the filler and wrapper leaf. As above stated, this scrap is used leavely in the manufacture of cigar from domestic tobacco blended with imported largely in the manufacture of cigars from domestic tobacco blended with imported Cuban tobacco, and the same argument advanced with respect to the effect on domestic tobacco growers of an increase of the tariff on filler tobacco applies with equal force in opposition to this increase in duty on scrap.

The experiment of raising the duty on scrap tobacco was tried in the Payne-Aldrich Tariff Act of 1969. Under that law the duty on scrap tobacco was fixed at 55 cents a pound, with the result that the importation of scrap tobacco was speedily reduced to negligible proportions. Should this experiment again be attempted at this time, there can be no doubt whatever that it would operate merely to curtail revenue now derived from the scrap tobacco, reduce the quality of the moderate-priced cigar of good flavor. and substantially decrease consumption and production, thus decreasing the internal revenue from this class of goods, as well as the aggregate duty collected on scrap tobacco

under the present tariff law

The figures given in this brief as to internal revenue and customs duties paid at Tampa, the average aggregate of internal revenue and customs duties per thousand cigars paid by manufacturers, the cost of production of cigars of the class designed for retail sale at 15 cents each, and the application of the existing internal-revenue law to the selling price of cigars generally are accurate. Other figures herein given have been obtained from sources that are believed to be reliable, and it is believed these figures can be fully substantiated by facts.

Tariff is levied for two purposes:

(a) The production of revenue.
(b) The production of home industries.
The clear Habana manufacturer of this country is fully protected by existing law against competition from foreign manufacturers. Therefore, the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the country is the measure now under the country is the measure now under the country is the measure now under the country is the measure now under the country is the country is the country is the country is the measure now under the country is consideration must be dealt with solely upon its merits as a producer of revenue. It has been well said by Mr. Cooley in his work on taxation "that the power to tax is the power to destroy." Surely Congress has no desire to destroy the clear Habana cigar industry of this country. It must, therefore, realize that in order for any system of taxation upon this industry to be effective as a producer of revenue, it must be so arranged as to enable the manufacturer to operate his business at a reasonable profit. The industry is now in a most precarious condition. If the Government expects it to produce revenue, it must be fostered, not hampered by additional burdens that will make its expansion or even further conduct impossible.

Considering the question in this light, there would seem, in view of the facts presented, to be only one course for Congress to pursue, and that is to leave the duty on leaf and scrap tobacco as it was under the act of 1913 or reduce it.

Respectfully submitted.

K. I. McKAY, Attorney for the Cigar Manufacturers' Association of Tampa, Fla.

Senator McLean. Isn't the Sumatra wrapper also grown in the Southern States—Georgia?

Senator Fletcher. Yes; in Florida and Georgia.

Senator McLean. Isn't it used to wrap the high-grade cigars filled with Habana?

Senator Fletcher. Yes; that is true, and the increased importation of the Habana filler will help the producer of the domestic wrapper, because the more Habana cigars are made the more demand there will be for the wrapper.

Senator McLean. Provided he can raise the tobacco at a profit. Senator FLETCHER. Yes. One of the best informed men, I assume, in the country, is Mr. Pendas, of Tampa, who has been for 40 years engaged in this industry. He is present, and I shall ask Mr. Pendas to come forward and present his view to the committee. Mr. Pendas, will you proceed with your statement in regard to this matter?

. STATEMENT OF E. PENDAS, ESQ.

Senator Smoot. Mr. Pendas, before you begin your statement I

want to ask you a question for my information.

In the tariff act of 1909, and also in the tariff act of 1913, wrapper tobacco and filler tobacco, when mixed or packed with more than 15 per cent of this wrapper tobacco, then the duty was imposed. The House bill now pending here provides that wrapper tobacco and filler tobacco, when mixed or packed with more than 50 per cent of wrapper tobacco, then the duty is imposed. Is not that a protection for you?

Mr. Pendas. We do not believe that is fair. We do not believe that is fair to the Government, and we do not believe the Government will receive full value in wrapper tobacco, on account of the packing of wrappers in Cuba, that a full bale of wrapper tobacco will ever come

into the United States.

Senator Smoot. Under the 50 per cent provision?

Mr. Pendas. Yes, sir.

Senator Smoot. Explain that. I can not see the reason why. Nobody has touched that question. I wish you would explain it, be-

cause I understand you are a tobacco man.

Mr. Pendas. The island of Cuba does not produce wrappers quite as uniform as those that are used in this country or some other parts of the world from which wrappers are imported. The people who pack the tobacco in Cuba have never in my experience packed a bale of wrappers that contained 100 per cent.

Senator Smoot. The provision in the House bill is 50 per cent.

Mr. Pendas. The farmer as a rule packs the tobacco himself. Practically every farmer in Cuba has a pretense of ruined wrappers, and he gets out so-called wrappers whether they are wrappers or not. Many of them are not wrappers. The packing is most deficient.

I have seen a very considerable portion of almost all of the imported Habana tobacco of the 1920 crop. A good deal of it contained over 25 or 30 per cent at least of wrappers that, if put in

cigars, would be unmarketable.

Senator Smoot. The provision here allows you 50 per cent, and

you say 30 per cent.

Mr. Pendas. Yes, sir. I say even the best bales would have that much thrown out.

Senator Smoot. This allows you 50 per cent.

Mr. Pendas. Yes, sir; this allows us 50 per cent, but my ideas on the subject—it may not be uniform; manufacturers and importers are even far apart themselves on this, but everyone getting a bale of tobacco has in mind the use that he can put it to. Consequently, very few people agree on the same percentage in a bale. It would be very difficult to arrive at that.

But, as I stated before, there is not a bale of Habana wrappers that does not contain a great portion of tobacco that could not

possibly be used as wrappers to be sold on cigars.

Senator McCumber. What percentage would you say?

Mr. Pendas. It varies very much.

Senator McCumber. But can you not give a general average?

Mr. Pendas. As I said before, the best bales in Cuba that I have seen in the last few crops—and I have seen some of the best—contained not less than 25 to 30 per cent that was unfit for wrappers.

Senator McCumber. What would the average bale contain that

would be unfit for wrappers?

Mr. Pendas. I could not figure that.

Senator McCumber. Would it be more than 50 per cent, in your judgment?

Mr. Pendas. Many of them; yes, sir.

Senator McCumber. Would it average more than 50?

Mr. Pendas. The majority would. Senator McCumber. Then you mean it would average more than 50 per cent?

Mr. Pendas. The majority would. Senator McCumber. Very well.

Senator Smoor. Thank you for your statement.

Senator McLean. Is not this tobacco assorted and the wrapper duty assessed upon the wrapper portion and the filler duty upon the filler portion?

Mr. Pendas. It has been so far.

Senator McLean. It has been so far? What would be the result under the new law? Would it not be assorted under the operation of

Mr. Pendas. I expect so; but, as I stated before, I do not believe that a full bale of wrappers would be imported from Cuba—a 100 per cent bale.

Senator McLean. I understood you to say at the opening of your remarks that you disapprove of the change because it would not be fair to the Government?

Mr. Pendas. I don't think it would.

Senator McLEAN. Why?

Mr. Pendas. Because my opinion is that a good many of these bales would not be uniform throughout the United States, with the different climates and the different views.

Senator McLean. Let me ask you a plain question: Is it your idea that wrapper tobacco would be brought in under the filler duty?

Mr. Pendas. I don't know.

Senator McLean. Is not that what you mean?

Mr. Pendas. I can not make that assertion.

Senator Smoor. I do not agree with you that the 15 per cent in the existing law is unfair to the Government.

Mr. Pendas. To a certain extent it might be.

Senator Smoot. I do not see that to raise that percentage would be unfair to the manufacturer of tobacco. That is why I wanted you to tell me why the 50 per cent is too high—if it is too high, and I think you have stated it is too high. I rather think so, too, but not that the 15 per cent is too low.

Mr. Pendas. In my individual opinion, 50 per cent is too high, because I believe it will leave the door open to return too many bales. Senator Smoot. I think we understand your position on that.

Senator Fletcher. You think 15 per cent is too low?

Mr. Pendas. I think that is rather low.

Senator Fletcher. What would you make it?

Mr. Pendas. My candid opinion, Senator, is that 35 per cent would be high enough.

Senator Smoot. Thirty-five per cent?

Mr. Pendas. That is my opinion.

Senator Smoot. I wanted to get your opinion on it.

Mr. Pendas. Gentlemen, our purpose as manufacturers in appearing before the Senate committee is to, if possible, demonstrate to you the situation with which we are confronted. We will confine our remarks to Schedule VI, paragraphs 601 and 602. We believe that with this schedule, with these paragraphs, adopted as it now reads, would result in serious loss to the Government of revenue and would do considerable harm to the industry as we know it.

We do not know and are not entirely familiar with all classes of cigars manufactured in the United States, but we are thoroughly familiar with the conditions existing in our section of the country; that is, the State of Florida. We see the cigar industry to-day with the radical changes that have taken place in the last two years, and it

is a sick patient. It is a very sick patient.

We have at the present time no means of ascertaining what the conditions are going to be, for no man can tell what the future has in

store, much less in business with these changed conditions.

Up to 1917 the production in our section of the country was about 80 per cent, between 80 and 85 per cent, of cigars that retailed at 10 cents or two for a quarter, leaving little more if any than 15 per cent of cigars to retail at a higher price than two for a quarter. With the changed conditions since 1917, the enormous cost of material, as I stated it before, with the additional cost of everything that goes to place a cigar on the market, with the raise in taxes from \$3, that was the general revenue for all kinds of cigars manufactured, to cigars selling up to 10 cents, \$9 a thousand, as you know; from 10 to 15 cents, \$12 a thousand, and from 20 cents up at \$15 a thousand. This change alone has brought this condition about so that the cigars that are manufactured, even in the clear Habana—and that is what I am referring to particularly—the cigar that sold at 10 cents has disappeared, and since 1918 the two for a quarter has been negligible. The public accepted but very few, a negligible quantity of them. They were not worth the money, from the consumers' standpoint, and we believe they were not worth the money, so little could we give for that amount.

Under the changed conditions and under the abnormal circumstances, the prosperity of the country, with the workingmen making the money they were making for a year and a half, at least, the manufacturers did not miss the 15-cent or the two-for-a-quarter production very much, because for the 15-cent size sufficient demand prevailed to

make us forget for the time being those conditions.

But, unfortunately, on the 14th day of April, 1920, the 12,000 or 13,000 employees in the cigar factories struck. They were not well enough and wanted to be worse, and struck, demanding a recognition of the union. That strike lasted 10 months. In that 10 months the economic conditions of the world unfortunately reached the United States, and when the workers came back to our factories they thought, as we had not changed the prices, as we had promised to

maintain the same wages as those with which they went out, they

came back hoping the world was the same, at least.

It appeared to be so for a few weeks, but having been out of the market for 10 long months, the conditions in the meantime having changed, metaphorically, our orders began to be canceled. Sixty days after the doors were opened we found we could not keep on employing the same number of men. A reduction took place in great numbers, and all throughout the summer and early fall, as Senator Fletcher has stated, we were not working in the clear Habana factories 50 per cent, not 40.

Habana factories 50 per cent, not 40.

In the last part of July we had to offer the workingmen a reduction in wages, which they accepted, although it did not leave a very good feeling. They claimed it was as high as 40 per cent, and as we figured it out it was 17 per cent, approximately. That is as near as

figures would make it, about 17 per cent.

That 17 per cent reduction, gentlemen, we found that we had to lower our prices, conditions being as they were in the country, and reduce the price of our cigars. We were not making a 10-cent cigar clear Habana, and no manufacturer can produce it with the present conditions, because we have bought tobacco at the highest prices, I imagine, I will repeat once more, for the 1920 crop. Having had a strike during 1920, practically since the 14th of April, we did not use that tobacco.

In 1920, when we started to work and business fell off so materially, the manufacturers had a whole lot of that tobacco on hand. It is not possible for any man that I know of—and I wish if there is anyone he would controvert it—that can manufacture the clear

Habana cigars to retail at 10 cents.

We found other conditions. We cut out 80 per cent of our normal business before 1917, when we cut out the 10-cent and two-for-a-quarter sizes that constituted the 80 per cent. Without these two priced cigars that were the popular cigars with the masses and with the middle classes, we found ourselves situated so that our factories would soon be for rent. We tried to arrive at some way of giving the public some size. The 10-cent size had to be absolutely discontinued. I don't know of anybody that could produce a long-

filler clear Habana cigar to retail for 10 cents.

With the idea that we might sell the 10-cent cigar, but if we wanted to show a semblance of staying in business, we had to do something with the two for a quarter. We studied that proposition as best we could, and we found that to produce a standard clear Habani cigar, the same as it was made in the first-class cigar factories in the United States as it is made in Cuba—and we claim we make as good cigars in this country as they make in Cuba, and sometimes the American public found it out by their patronage of the reputable clear Habana factories in this country—we found on close examination that with the cost of material, with the cost of labor—because we didn't bring labor down to the prewar prices—labor was cut about one-half of the raise we had made. We didn't want to take the whole hog, because the cost of living had not come down to that level, and we were as reasonable as we possibly could be.

Senator McLean. What did you pay during war times by the week or by the thousand, so the committee may get some idea what your

reduction in wages amounted to?

Mr. Pendas. I stated about 17 per cent.

Senator McLean. That does not mean anything to us. Seventeen per cent of what? What did you pay in 1918 and 1919, when the wages were high, per thousand or per week, and what do you pay

Mr. Pendas. I wish I could answer the question as the Senator desires, but we have piecework mostly in the factories.

Senator McLean. How much per thousand?

Mr. Pendas. It varies anywhere from \$21.35, the lowest, up to \$300 per thousand for the cigar maker alone.

Senator McLean. Take a 10-cent cigar; what do you pay per

Mr. Pendas. We do not manufacture that cigar, Senator.

Senator McLean. Take a cigar that you do manufacture; take a 15-cent cigar?

Mr. Pendas. For a 15-cent cigar we paid before the war \$17.

Senator McLean. Per thousand?

Mr. Pendas. Yes, sir.

Senator McLean. And what do you pay now?

Mr. Pendas. \$21.

Senator McLean. What did you pay at the highest point? Mr. Pendas. \$24. I don't want to make a mistake or make a statement that is misleading. For a 15-cent cigar we paid the cigar maker before the war, before the abnormal conditions set in, \$17. During the high prices that was raised to \$24, and when we made a cut on that. particular cigar it came down to \$21. Consequently, we have still \$4 above normal on that cigar, and so on the others, because the reduction on the cigars made was uniform.

Senator McLean. About how much would that amount to per week

on the 15-cent cigar?

Mr. Pendas. To the cigar maker?

Senator McLean. Yes.

Mr. Pendas. A cigar maker makes an average of 1,000 cigars a week.

Senator McLean. That would be \$24 a week?

Mr. Pendas. No, sir; do you mean the reduction?

Senator McLean. Before the reduction.

Mr. Pendas. Before the reduction for that cigar maker; yes. It is now \$21.

Senator Calder. Men or women?

Mr. Pendas. Both. We pay the same price to men or women.

Senator Calder. Are most of your laborers men or women?

Mr. Pendas. Men.

Senator McLean. Are they mostly Cubans?

Mr. Pendas. Yes; there are Italians, Spaniards, Cubans, and ${f Americans}.$

Senator McLean. What percentage are Cubans?

Mr. Pendas. The larger percentage; probably 40 per cent.

Senator McLean. How will the wages you pay compare with the wages paid in Cuba?

Mr. Pendas. Our wages are always higher, Senator.

Senator McLean. How much higher?

Mr. Pendas. For example, I have seen sizes that we pay \$26 for in this country, and the same cigar in Cuba they only paid \$17.

Senator McLean. And you pay as high as \$300 to \$400 per

thousand for some cigars?

Mr. Pendas. For the sizes that are sold in this country for 10 cents or two for a quarter or 15 cents, we pay better wages in that proportion than the Cubans do. We always did.

Senator McLean. But take the high-priced cigar that you pay \$300

or \$400 a thousand for.

Mr. Pendas. There are very few made of that kind. I just suggested those because that was the limit.

Senator McLean. What would you pay for a 25-cent cigar?

Mr. Pendas. We paid usually before the war for a 25-cent cigar about \$33 per thousand. We paid more than the Cubans did for that

Senator McLean. How much would the filler of that cigar cost

you ?

Mr. Pendas. Per thousand?

Senator McLean. Yes.

Mr. Pendas. I don't quite understand the question. Do you mean the cost of buying the filler?

Senator McLean. To you. How much would the filler cost per

thousand?

Senator Fletcher. How many pounds of filler make a thousand cigars?

Mr. Pendas. Of that size it takes about 23 pounds, Senator.

Senator Fletcher. To make 1,000 cigars?

Mr. Pendas. Of that size.

Senator McLean. How much per pound? Mr. Pendas. You mean the value in Cuba?

Senator McLean. That is what I mean.

Mr. Pendas. We can not estimate the value in Cuba, because it has changed. Fillers, as a rule, in the island of Cuba could be bought previous to the 1918 crop, good average fillers that grew in the best section of Cuba that made Cuba famous-

Senator McLean (interposing). Never mind that. Take a 25-cent

cigar. What would the filler cost you?

Mr. Pendas. Not everybody uses the same type of filler.

Senator McLean. What does it cost you?

Mr. Pendas. Me?

Senator McLean. Yes.

Mr. Pendas. \$1.50 or \$1.60 before the war.

Senator McLean. Per pound?

Mr. Pendas. Yes, sir.

Senator McLean. And it is 20 pounds to the thousand? Mr. Pendas. No, sir. It is more than 20. It is about 23.

Senator McLean. Twenty-three?

Mr. Pendas. Yes, sir.

Senator McLean. What would the wrapper cost you?

Mr. Pendas. The wrapper in normal times?

Senator McLean. Take it now.

Mr. Pendas. Now?

Senator McLean. Yes.

Mr. Pendas. I am ashamed to give it to you, but it would cost us \$24 or \$25.

Senator McLean. Per pound?

Mr. Pendas. No; per thousand. I will give you the pounds per thousand if you wish.

Senator McLean. I would like to have you state that. It is the 25-

cent cigar.

Mr. Pendas. Yes. I will give it to you. It would take about 6 pounds.

Senator McLean. Do you use any of the Sumatra?

Mr. Pendas. No, sir.

Senator McLean. That is all.

Mr. Pendas. Now, then, gentlemen, I believe I was talking about the two for a quarter cigar. I had reached that far, if I do not make a mistake.

We found if we did not produce a two for a quarter cigar we might as well make up our minds to go out of business, because while our production had increased so materially during the time that so many ships were being made and so many other things, and everybody was making six or eight or ten dollars a day, people bought 15 and 20 and 25 cent cigars; but that was not a normal condition, and we doubted very much, and the last few months have demonstrated to us that condition is not going to continue. So we had to decide to look for a two for a quarter cigar.

A two-for-a-quarter cigar, in order to give some value, we decided on a certain cigar, that it was necessary, and we figured out the cost of that cigar. The cost of the two-for-a-quarter cigar in the clear Habana factories, to the best of the ability of the bookkeepers—I don't know how to make figures very well these days—is \$90.50 per thousand, for a thousand clear Habana cigars that will go onto the market, and we figured that we would have to sell them at \$85.

Senator McLean. What size would that be?

Mr. Pendas. That would be a 4½-inch cigar, with a diameter of about 41 rim. The cigars are measured in order to get them uniform. We have a length, and we have rims made of rubber, and they go in the factory by length and rim. Those are about 4½ inches by 41 rim.

As I stated, we found to produce that cigar would cost the manufacturer \$90.50, and they would have to be sold for \$85 per thousand. The idea did not look very good, but we found the majority of the jobbers of the United States telling us they could not do business with the \$85 cigar selling to the retailers, and the retailers could not live on the margin and they could not pay \$85 for the cigar that would actually cost under present conditions to produce \$90.50. The great majority of these jobbers are paying only \$83.50 per thousand.

Senator McLean. What do they retail that cigar for?

Mr. Pendas. Two for a quarter.

Senator Calder. How long has that been going on?

Mr. Pendas. It has been going on since the 1st day of September with almost all the manufacturers of clear Habana cigars, and those making cigars at Tampa. We have no rule established, and some men probably would lower weeks a head or weeks before, but it was sometime about September 1.

Senator McLean. The 20-cent cigar went to 30 cents, and the 25-cent cigar went to 35 cents, as sold by the retailers. Those are the

imported cigars. I do not know about the cigars you make.

Mr. Pendas. The imported cigars went very high. I am not very familiar with the retail prices, because I never sold cigars directly myself. I am giving you the facts from the importers' and manufacturers' standpoint. I know little about the retail business. I happen to know about this, because it has been so much discussed that I know something about it. When you are losing money it impresses

itself very strongly on you.

Now, these are the conditions with which the cigar industry in the part of the country that I am familiar with, as I stated before is confronted with. We believe that a tariff for revenue is necessary for the support of the Government and all of us must contribute, but we hope these abnormal conditions will not continue much longer. How long it will exist no man can tell, but everybody will agree that is too adventurous to do business at a loss, and nobody can tell what the future has in store for us. However, we are hoping for better days and are not willing to abandon our plants, but will lose some money for the time being.

That is the actual condition of the cigar industry, and particularly the clear Habana cigar industry. While Senator Fletcher was speaking I believe some Senator said something about a moderate raise of 10 cents a pound on fillers. It is very moderate, but we must understand this: Our impression is that we can not very well stand the increase in duty, and we believe that the Government, as I stated at the beginning, is not going to get more revenue. That is our belief, as could be demonstrated by figures, but I will not attempt

to do so.

The only thing I want to do is to impress as strongly as I can on those who have made the law and those who will continue to do so that we believe it would be a mistake to raise the duty at this particular time on a business that is in a very precarious condition.

Now, 10 cents a pound on filler tobacco, we would allow 25 pounds to the thousand, and as far as I know, and I have been making cigars 40 years, no manufacturer ever has had enough material allowed him with 25 pounds, because I know that manufacturers have at the end of the year to pay the difference between the tobacco used on the basis of 25 pounds or explain the reason why he has less tobacco than he ought to have at the end of the year. Consequently, 25 pounds for a thousand, as a rule, does not cover it.

In the normal production of a thousand cigars the average thousand cigars that is being made to-day, since the 10-cent cigar has disappeared, it is 21 pounds and over per thousand, and that 21 pounds or over per thousand, if it comes to that, is \$2.10 on fillers

on every thousand cigars increase.

Senator McLean. \$2.10 on the fillers?

Mr. Pendas. On the fillers alone per thousand, the proposed increase.

Senator Fletcher. That is at 10 cents?

Mr. Pendas. Ten cents a pound.

Now, then, as the revenue regulations are to-day, we have the cigars classified. The cigar that sells for 5 cents must carry a \$4 stamp; the cigar that sells for not over 8 cents must carry a \$6 stamp—\$6 per thousand; the cigar that sells from 8 to 15 cents must carry a stamp of \$12 per thousand, and so on. Under those conditions the manufacturer either loses more money or he must raise

the price. If he is going to raise \$2.10 on the fillers, and whatever the amount is on the wrappers, then that will throw the cigar into the next classification and we must add the \$3 difference in the stamp. Under those conditions we have found that we can not and will not be able to continue under present conditions, and we will not be able

to raise prices. That is the situation in the cigar industry.

Another reason why I believe that these filler rates of duty ought to be cared for is that it is not in competition with any kind of to-bacco used by anybody in the United States. On the contrary, it favors, it helps, it increases the value of the large interests represented by growers and a number of producers in this country. Some years ago, the gentlemen here know, there was no better known tobacco than the Connecticut shade-grown. The Connecticut shade-grown blended very good with Cuban tobacco. In fact, it enhanced the value of most of it, and it should not under any condition be increased, as we see the situation, because it hurts nobody. Still, you can see that if some manufacturers will not do it, others will. If the cigar has got to be produced at a loss somebody is going to substitute for tobacco imported from Cuba something else, and the Government will not get this duty.

Gentlemen, I do not wish to take up your time. I could give you many statistics. I haven't got them here, but we can get them. I believe the Senator will be kind enough to interest himself to pre-

sent the statistics.

Senator McCumber. Any statistics you desire to present will be made part of your testimony.

Mr. Pendas. I believe that unless the committee desires to put

some questions I am through.

Senator McCumber. The committee is very much obliged to you. Senator McLean. I understand you are addressing yourself mostly to the filler.

Mr. Pendas. I am addressing myself generally, but principally to the filler.

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TARIFF 1058

SCHEDULE 9.—COTTON MANUFACTURES

U. S. Congress. Senate.

BEFORE THE

COMMITTEE ON FINANCE , UNITED STATES SENATE

SIXTY-SEVENTH CONGRESS FIRST SESSION

ON

H. R. 7456

AN ACT TO PROVIDE REVENUE, TO REGULATE COMMERCE WITH FOREIGN COUNTRIES, TO ENCOURAGE THE INDUSTRIES OF THE UNITED STATES,
AND FOR OTHER PURPOSES

DECEMBER 8, 1921

PART 38

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1921

COMMITTEE ON FINANCE.

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 $ext{-} ext{COTTON}$ MANUFACTURES.

THURSDAY, DECEMBER 8, 1921.

United States Senate. COMMITTEE ON FINANCE, Washington, D. C.

The committee met, pursuant to adjournment, at 10.30 o'clock a. m., in room 312, Senate Office Building, Hon. Boies Penrose presiding.

Present: Senators Penrose (chairman), McCumber, Smoot, La Follette, Dillingham, McLean, Watson, Calder, Sutherland, Simmons,

and Walsh.

The Chairman. Senator Ashurst is present, and, I believe, desires to make a statement himself and present some of his constituents, who desire to address the committee.

STATEMENT OF HON. HENRY F. ASHURST, SENATOR FROM ARIZONA.

Senator Ashurst. Mr. Chairman and gentlemen of the committee, Mr. Dwight B. Herd, who represents the organized American League of Long-Staple Cotton Growers, is here, but my colleague, Senator Cameron, is unavoidably detained. The governor of the State is also unable to be here this morning, and I would like to ask, with the kind permission of the committee, Mr. Chairman, that the item be postponed until the 13th of this month, when my colleague may be present and also that Gov. Campbell may be present.

The CHAIRMAN. Mr. Walker, do you think that could be arranged? Mr. WALKER. The cotton schedule is fixed for this week, but the agricultural schedule comes up next week, and Senator Ashurst, I think, could be heard then very well. if it is the wish of the com-

The CHAIRMAN. If there is no objection on the part of any member of the committee, the Egyptian-cotton hearing will be held on the 13th of the month.

Senator Ashurst. Thank you, Mr. Chairman.

The CHAIRMAN. The hearings now of the gentlemen I am going to call upon have been arranged by former Senator Lippitt, who is present. Senator Lippitt, do you desire to make any introductory remarks?

Senator Lippitt. Thank you, Mr. Chairman. Mr. Lowe is chairman of the committee on this matter, and I think he can speak for us. The Chairman. Very well, Mr. Lowe, will you please state, for the

information of the committee, where you reside.

STATEMENT OF MR. ARTHUR H. LOWE, REPRESENTING CON-SOLIDATED TARIFF COMMITTEE OF AMERICAN COTTON MANUFACTURERS, FITCHBURG, MASS.

Mr. Lowe. My home is at Fitchburg, Mass., Mr. Chairman. The Chairman. And what is your occupation, Mr. Lowe?

Mr. Lowe. I am a cotton manufacturer.

The CHAIRMAN. Your establishment is at Fitchburg, is it?

Mr. Lowe. Yes, sir.

The Chairman. You may proceed with your statement.

Mr. Lowe. I have a very brief general statement, after which I would like to be followed by gentlemen who have matters in detail to present, with some samples to show the committee. We have tried to reduce this to the very smallest possible time.

The CHAIRMAN. The committee is very anxious to expedite the

hearings.

Mr. Lowe. My name is Arthur H. Lowe, chairman of the consolidated tariff committee of cotton manufacturers, representing the National Council of American Cotton Manufacturers, the American Association of Cotton Manufacturers, the National Association of Cotton Manufacturers, Association of Cotton Textile Merchants, and the Arkwright Club, including the mills both North and South. What I say will be supplemented by two or three other gentlemen who will speak briefly about special lines of manufactured goods.

Cotton-goods manufacturers believe that there should be a prompt revision of the tariff because the present uncertainty is preventing the active operation of old enterprises and the stimulation of new ones. Large importations of foreign goods mean that American workmen will remain in idleness. Cotton manufacturers are to-day operating on a day to day basis and are unable to look ahead and make plans for future activity. Unlike the steel and some other industries we meet the keenest competition in our markets from Japan, England, Belgium, and other sections of Europe where longestablished industries are paying low wages.

When the hundreds of thousands of people in our thickly-settled

When the hundreds of thousands of people in our thickly-settled industrial centers, where no foodstuffs and raw materials are raised are busy, cotton growers of the South and the farmers of the West and South have better markets and better prices for their products. A fair tariff on cotton products is advantageous to the Kansas farmer

as to the Massachusetts textile worker.

There are many different branches of the industry. During the war new lines of goods were manufactured, imports in those goods entirely ceasing. These lines now face extinction by reason of the competition of the old and firmly established industry of Europe.

Good wages, not too high to hamper an industry and not too low to prevent a worker from maintaining a good standard of living, make for general prosperity. The wages and the standard of living in the textile industry in America are far above those in other textile centers in the world. We ask a reasonable tariff to maintain these wages and standards, and to maintain and further develop the industry itself.

The present Underwood tariff does not afford proper protection for our industry. For the importer, who may look only to his own immediate profit, free trade may be desirable. Congress must

look at the question in a broad way. Labor in our great industrial centers must be kept busy or more serious trouble and distress will be fomented.

As to American valuations, I personally favor it. If American valuations or some other method that will bring the same results are not adopted, the Fordney bill will have to be rewritten.

Senator Simmons (interposing). Let me understand that last

statement. I did not get that about the Fordney bill.

Mr. Lowe. If American valuations or some other method that will bring the same results are not adopted, the Fordney bill will

have to be rewritten; that is, the basis for rates.

Our industry is complicated. Mills make coarse and fine yarns with varying degrees of finishing, necessitating several processes. There are literally thousands of different kinds of fabrics, ranging from the coarsest and cheapest cloth to the finest goods; some mills, within their four walls, making during the year several hundred different styles and constructions. I do not attempt to present these in great detail.

The textile industry is a basic one and I can not impress too strongly upon this committee the importance of its prosperity as relating not only to the immediate prosperity of all the Eastern States—the textile industry exists in practically every Eastern and South Atlantic State—but for the spreading of prosperity through-

out the whole country.

Manufacturers of quite a number of fabrics feel very strongly that they are not properly protected by the Fordney bill. Further, we feel that the phraseology adopted by the Fordney bill is not the proper one and in order to perfect it we make the following recommendation:

Phraseology: In its present form the phraseology of the cotton schedule of the Fordney bill differs materially from that used in previous tariff laws, such changes having been made even where it was the evident intention to give exactly the same meaning to the act. It is unavoidable that the wording of the new bill should differ in many respects from that of previous tariff laws, but so far as possible, and in the absence of any good reason for making a change, the phraseology that has been subjected to the test of experience and has been interpreted by the courts should be retained, particularly when the definition or classification of a product is involved, in order to avoid litigation over the meaning of the act and the possibility of constructions being placed on it by the courts which were not intended by Congress. This is especially important in connection with the definition of cotton cloth. For this reason we ask that you subject the phraseology of the cotton schedule to careful scrutiny and adopt new phraseology only when it is certain that a change from that which has stood the test of experience is necessary.

Average number of yarn: We recommend that the method of determining the yarn number in cloth be changed from 840-yard basis for No. 1 to a 750-yard basis, owing to the take-up in the manufacture of cloth. The rates in the Fordney bill, both specific and ad valorem, on cotton yarn and on countable cotton cloth are graduated by a sliding scale on the yarn number. This method has long been in use for tariff rates on cotton yarn, but was first adopted for cot-

ton cloth in the Underwood tariff of 1913. Owing to the impossibility of determining by the analysis of a sample the number of the spun yarn with the precision required in the collection of duties, it was decided to determine the number of yarn in cloth by arbitrarily assuming that the length of the yarn is equal to the distance covered by it in the cloth, the number indicating the number of 840yard lengths in one pound. As this method takes no account of the take-up of the yarn in weaving, dyeing, and finishing, the number so found is less than the number of the yarn when spun, the difference varying with construction of cloth, but averaging not far from 10 per cent for the bulk of countable cotton cloths.

The effect of this arrangement is to reduce the tariff rate on countable cloth below what it would be if the tariff number were equal to

the spun yarn number.

Senator Smoot. That has been the policy in operation?

Mr. Lowe. Yes; that has been the usual custom. Senator Smoot. To determine the size of the thread—now, you want to reduce that 10 per cent, down to 750?

Mr. Lowe. Yes, sir.

Senator Smoot. That is about 10 per cent. There is not any more take-up to-day than there was when it was first established?

Mr Lowe. No; not at all. The lengths of the——
Mr. Lippitt (interposing). I would like to say to the Senator from Utah that this method was never in force in any tariff bill until it was adopted in the Underwood bill. The number of the yarn did not enter in the placement of the tariff duties until the Underwood bill was adopted. The previous tariff bills were on a different basis.

Senator Smoot. It is on the square yard

Mr. Lowe. But without regard to the yarn number.

Senator Smoot. In all tariff bills we have always had to find out the yarn number in order to arrive at the weight.

Mr. Lowe. I think Mr. Lippitt will develop that a little further,

Senator.

Let us assume, for example, that the average yarn number of a colored cotton fabric as determined by this method, is found to be 72s, and that the average number of the yarn when spun was 80s. By referring to the Fordney bill chart, it will be seen that the rate of duty, if based on 80s, the actual number of the spun yarn, is 48 cents per pound, with a minimum of 29 per cent ad valorem; if based on 72s, the number used for tariff purposes, the rate of duty is 42.8 cents per pound, with a minimum of 27.4 per cent ad valorem.

To remedy this effect we recommend that the standards for the yarn number in cotton cloth shall be determined by using 750 yards as a basis instead of 840 yards. This change will, for all practical purposes, provide the same standard for the number of both yarn

and cloth.

Sizing in cotton cloth: The Fordney bill, following the rule laid down by the Underwood bill, provides that in determining the average yarn number in cloth, "the weight shall be taken after any excessive sizing is removed." Neither bill defines the term "excessive," and consequently it is left to the direction of the customs appraiser to determine from what cotton cloths the sizing shall be removed when

determining the average yarn number. As the presence of sizing by increasing the weight of the cloth decreases the average number of the yarn, it follows that the present and proposed arrangement gives the customs authorities power to fix the amount of the duty assessed on cotton cloth containing sizing material. In order to correct the defect, we recommend that the word "excessive," as applied to "sizing," be omitted in paragraph 904.

Rates on yarn and cloth under No. 10: The Fordney bill provides that the specific rates on both yarn and cloth not exceeding No. 10 shall be equal to a specified fraction of a cent per number per pound, beginning with No. 1. This results in very low specific rates on yarn

and cloth under No. 10.

What is said of these yarns of coarse numbers is true also of cotton cloths made of coarse yarns. For these reasons it is recommended that the specific rate on advanced cotton yarns and cloths under each classification for numbers under 10 shall be the same as for No. 10 yarn or cloth of the respective class.

Mr. Cramer will speak on the yarn section for our committee, and

will, no doubt, refer to this situation as it affects yarns.

Woven-figured patterns: A paragraph should be added to the Fordney bill to take care of fine, fancy, figured-woven goods. It requires to make these goods a large increase in cost, requiring designers, chemists, increased floor space, more expensive and additional machinery, better qualities of material, higher wages to operators, expensive pattern cards and bands, and a larger investment all around.

Mr. Lippitt will develop that with samples.

I suggest the following substitute for paragraph 905, which will be

explained by Mr. Lippitt:

In addition to the duty or duties imposed upon cotton cloth by the various provisions of this section, there shall be paid the following cumulative duties, the intent of this paragraph being to add such duty or duties to those to which the cotton cloth would be liable if the provisions of this paragraph did not exist, namely: On all cotton cloths woven with eight or more harnesses, or with Jacquard motions, or containing more than one color or more than one number of yarn in the filling, or in which other than the ordinary warp and filling threads are used to form a figure or fancy effect, whether known as lappets or otherwise, 12 per centum ad valorem for cloths containing yarns the average number of which does not exceed No. 30; exceeding No. 30, 15 per centum ad valorem.

Tire fabric or fabric for use in pneumatic tires, including cord

fabric, 25 per cent ad valorem.

Mr. Owen, of the Beacon Manufacturing Co., will speak briefly on

blankets, and show some samples.

Blankets: We ask to have corrected an apparent omission from the tariff bill as passed by the House. Jacquard figured blankets as well as terry woven and pile fabrics are definitely excluded from paragraph 911, the evident intention being to provide for these goods elsewhere. This has been done in the case of terry woven and the pile fabrics in paragraph 909, but Jacquard figured blankets and blanket goods are not again mentioned in the bill.

As Jacquard figured blankets and blanket goods are nearest to upholstery fabrics in construction and production cost, we suggest

that they be provided for under paragraph 908, making this paragraph read as follows:

Paragraph 908. Tapestries and other Jacquard woven unholstery cloths, Jacquard figured blankets and blanket goods, made with more than one colored filling thread. in the piece or otherwise, composed wholly or in chief value of cotton or other vegetable fiber, 30 per cent ad valorem.

Senator Smoot. As I understand the reading of the House bill, instead of 10 per cent and the definitions, that you desire to put in there, you want 12 per cent on all goods up to 30, and 15 per cent on all above 30.

Mr. Lowe. On all these fancy goods.

Senator Walsh. I was going to suggest that Mr. Lowe submit some amendments that may be inserted in the record.

Senator Smoot. He has just submitted an amendment.

Senator Walsh. Have you prepared them in legal form, designated as to sections to which they can be attached?

Mr. Lowe. Yes, sir. Senator Smoot. The one he has just submitted is all right.

Mr. Lowe. Bedspreads: Paragraph 911 in its present form does not cover bedspreads in the piece, in which form they have been imported in the past. In order to correct this defect it is recommended that the words "in the piece or otherwise" be inserted after the words "quilts or bedspreads" in the first line of paragraph 911.

Pile fabrics. During and since the war the manufacture of the finer grades of cotton pile fabrics has been developed on an important scale in the United States. This branch of manufacture is now threatened with the same competition from Europe that prevented its being established and carried on in the United States before the In order to protect the American industry against this competition it is recommended that a duty of 10 per cent ad valorem, in addition to the 33½ per cent provided by paragraph 909, be placed on cotton pile fabrics having more than 300 filling threads per inch.

We request, therefore, the insertion of a bracket in paragraph 909 for the purpose of giving additional protection to these "twill backs," and suggest that the said paragraph, so amended, shall read as follows:

Paragraph 909. Pile fabrics composed wholly or in chief value of cotton, including plush and velvet ribbons, cut or uncut, whether or not the pile covers the whole surface, and manufactures, in any form, made or cut from cotton pile fabrics, 331 per centum ad valorem: Provided, That any of the foregoing containing in excess of three hundred picks or filling threads to the inch, including the filling pile threads, when advanced through the stage of cutting or beyond, shall pay in addition to the foregoing rate of duty 10 per centum ad valorem; terry-woven fabrics, composed wholly or in chief value of cotton, and manufactures, in any form, made or cut from terrywoven fabries, 25 per centum ad valorem.

Mr. Thoron will further cover this item and submit samples.

Dyestuffs: While we do not believe in the licensing of the importation of dyestuffs or an embargo, we do believe in a duty on dyestuffs which will establish and maintain the dyestuffs industry in this If such a duty is put on dyes there should be a compensatory duty on fabrics in which those dyes are used. dyeing as it may be affected by the dyestuff duty is sure to be a very serious matter as regards some fabrics, particularly new fabrics which are just being perfected and which are ordinarily described as

sunfast. These are dyed with the more recently invented colors, which have not been produced in the United States; at least not in

commercial quantities.

With a tariff containing such a small margin of safety from the protective standpoint as the House bill does, a duty of 7 cents a pound and 35 per cent ad valorem on dyestuffs imported as dyestuffs with a protection of only 15 per cent or 20 per cent on dyestuffs imported as colored yarn, it would seem likely to result in large importations of such yarn in cloth. And it really is not a very scientific law which tries to assist an industry by a method which regulates importations of an article in its original condition but encourages importation of the same article in a combined condition, thereby not merely not helping the American producer of the original article, but also injuring the American producer of both the original and combined article.

Senator Simmons. What compensatory duty do you propose

there?

Mr. Lowe. We have not proposed any rate, Senator. Mr. Lippitt will, I think, refer to that more satisfactorily with his samples. Senator Smoot. You have special reference to the vat dyes?

Mr. Lowe. To the fast dyes; yes, sir.

We make these suggestions, in conclusion, with a desire to be helpful in perfecting the Fordney bill. Even with these changes we do not feel that it is sufficiently protective. The rates are very much lower than under any previous Republican tariff bill. For half a century prior to the Underwood bill and not excepting the cotton schedule of the Democratic tariff under President Cleveland, the cloth rates have averaged 40 per cent and above. It is not likely that the cloth rates of the Fordney bill will average over 22 per cent. There have always been importations of cloth amounting to several million dollars per annum under those 40 per cent rates. And we know of nothing that has occurred in the relations between the American and foreign cotton manufacturing to justify the belief that any lower rates will be protective. We emphatically urge, therefore, that after making proper allowance for the change to American valuations the duty shall be raised to a point that will give a protection equal to that under which the industry was established and has been maintained.

Senator Walsh. Mr. Lowe, you are personally interested in the

manufacture of fancy goods?

Mr. Lowe. Yes, sir.

Senator Walsh. How many such establishments are there in the country, generally speaking?

Mr. Lowe. There are several hundred. Senator Walsh. Where are they located?

Mr. Lowe. Both North and South. The finest ones are in the North.

Senator Walsh. Is there somebody else to speak for the cotton goods other than what you have said in your statement?

Mr. Lowe. Yes, sir.

Senator Walsh. And they will take it up as a separate subject?

Mr. Lowe. Yes, sir.

Senator Walsh. To what extent do you use imported dyes in the making of fancy cotton goods?

Mr. Lowe. I have been obliged in the past to use, as far as fast colors were concerned, nearly all imported dyes.

Senator Walsh. Is the local manufacturer able to supply you with

all kinds of dyes?

Mr. Lowe. Not all kinds.

Senator Walsh. So you are still dependent upon the foreign market for certain dyes?

Mr. Lowe. Yes, sir.

Senator Walsh. What percentage of foreign dyes do you have to bring in?

Mr. Lowe. The percentage would be small, because the quantity

of foreign dyes used is small.

Senator Walsh. Are the kind that you do use indispensable?

Mr. Lowe. Quite.

Senator Walsh. And you must get them?

Mr. Lowe. Yes, sir.

Senator Watson. I would like to ask you whether or not you furnished figures to show the cost of production in competing countries?

Mr. Lowe. Such figures have been so generally published, Senator,

that I do not offer any---

Senator Watson (interposing). Yes; but are they reliable and authentic as to the present costs, in the manufacture of the kind of cotton cloth that you make in your mill now in New England as compared with those made in England?

Mr. Lowe. The trouble is to get anything that is reliable—

Senator Watson (interposing). Precisely; that is why I was asking. You were saying these rates were not sufficiently protective, and I was wondering what the figures were upon which you based that statement.

Mr. Lowe. Upon our experience.

Senator Warson. But your experiences before the war are not

applicable to the existing situation, are they?

Mr. Lowe. No; and we do not expect existing situations to continue, and we do not expect the permanent situation to be very much different from what it was before the war.

Senator Watson. To that it is really on the prewar basis that you made your statement, on the theory that whatever the changing conditions may bring about it will finally come back practically to the prewar basis?

Mr. Lowe. We do not know of any reason why that will not

result.

Senator Watson. Wages abroad and wages here?

Mr. Lowe. Yes, sir.

Senator McLean. The spread between the cost here and abroad is certainly as great as it has ever been, is it not?

Mr. Lowe. I should think so. The transportation charges and

the labor charges and high price—

Senator Watson (interposing). That is what he means, that the spread is greater now than ever before; that it costs more than ever before.

Senator McLean. He did not understand my question.

Senator Watson. That is, the difference between the cost of production here and abroad is greater now than before the war?

Mr. Lowe. I would say that it is.

Senator Watson. Why?

Mr. Lowe. On account of the very high wages that are being paid here and cheaper wages on the other side.

Senator Warson. How much have wages risen here and how much

have wages risen over there, if at all?

Mr. Lowe. I think probably the advance in wages here and over there were perhaps approximately the same; but the reductions over there have been much more than they have been here.

Senator Watson. That is, since the war?

Mr. Lowe. Yes, sir.

Senator Watson. Can you tell us what you paid, on the average, before the war and those paid on the average by the same people now?

Mr. Lowe. The wages that we are paying now are about 155 per cent more than they were, less 22½ per cent. That would be about 120 per cent more than before the war.

Senator McCumber. In other words, two and a half times as much;

is that what you mean?

Mr. Lowe. No, sir; about one and one-fifth times.

Senator Walsh. There is a table that has been handed to me by Mr. Lowe that seems to answer that.

Mr. Lowe. It would be one and one-fifth times.

Senator Walsh. That paper might well go into the record, amplifying this point you are just making.

(The table referred to by Senator Walsh is as follows:)

Wage rates paid for weaving print cloths in Fall River.

[Compiled by the industrial service department of the Merchants National Bank of Boston. The figures are the prices paid for weaving 47½ yards of 28-inch, 64 by 64, 7-yard print cloths.]

Period.	Wage rate.	Advance (+) or reduction (-) from previous rate.	Percentage of 1900 rate.
		Per cent.	
ecember, 1899, to March, 1902.	\$0, 1980	+10	100
larch, 1902, to November, 1903	. 2178	+10	110
ovember, 1903, to July, 1904	. 1980	- 91	100
uly, 1904, to October, 1905	. 1732	$-12\frac{1}{2}$	87
ctober, 1905, to July, 1906	. 1861	+ 75	94
ıly, 1908, to November, 1906	. 1980		100
uly, 1968, to November, 1906 ovember, 1906, to May, 1907	. 2178	+10	110
lay, 1907, to May, 1908	. 2396	+10	121
lay, 1908, to March, 1912	. 1966	$-17\frac{2}{10}$	99
tarch, 1912, to January, 1916.	. 2163	+10	109
anuary, 1916, to May, 1916	. 2271	+ 5	115
av, 1916, to December, 1916	. 2498	+10	126
ecember, 1916, to June, 1917	. 2748	+10	139
une, 1917, to December, 1917.	. 3023	+10	154
recember, 1917, to June, 1918	. 3401	+121	172
une, 1918, to June, 1919.	. 3911	+15	198
une, 1919, to December, 1919. December, 1919, to June, 1920.	. 4498	+15	227
ecember, 1919, to June, 1920	. 5060	$+12\frac{1}{2}$	256
une, 1920, to Jánuary, 1921anuary, 1921	. 5819 . 4510	$+15 \\ -22\frac{1}{2}$	293 228

Senator Lippitt. That shows a complete record of the changes in wages in New England for a great many years. The highest point that the wages reached were 172 per cent higher than in England,

and they were reduced 22½ per cent on the top wages, which left the wages to-day 130 per cent higher than they were before the war.

Senator McCumber. Then, where you paid \$1 before, you are paying now \$2.30; is that right?

Senator Lippitt. Yes, sir.

Senator Walsh. Since the war there has been a reduction of about $22\frac{1}{2}$ per cent?

Mr. Lowe. Yes, sir.

Senator LA FOLLETTE. Senator Lippitt has just stated that was on

the top wages?

Senator Lippitt. With the permission of the Senator, I will explain exactly what I said. The wages were increased by degrees up to 172 per cent higher than they were before the war.

Senator LA FOLLETTE. That is on the average.

Senator Smoot. All wages?

Senator Lippitt. Yes.

Senator LA FOLLETTE. Did that affect employees in all degrees

and departments?

Senator Lippitt. Yes; except the managers; they were not increased that much. There has been a reduction of 22½-per cent. The present percentages are figured on the low wages of 1914. That reduction of 22½ per cent was figured on the maximum of 172 per cent advance, and which resulted in the wages being left at a net advance of 130 per cent, as they stand to-day in New England.

Senator McCumber. Mr. Lowe, do you expect to have a tariff that will enable you to keep the wages two and a half times or two and three-tenths times what they were above the prewar wages?

Mr. Lowe. No, sir.

Senator Watson. I started out to inquire about that. We could follow it up. They have increased on the average now since the reduction of 130 per cent over what they were before the war. has been the increase in England in the meantime, what has been the decrease in the United States in the meantime?

Mr. Lowe. I am unable to answer that.

Senator Watson. Do you know, Senator Lippitt? Senator Lippitt. No. Senator; I do not.

Senator Simmons. Where can we get that information?

Mr. Lowe. The latest information we are able to obtain is from the Government report.

Senator Simmons. Did you ask them for the information with reference to the increase in Great Britain as well as in America?

Mr. Lowe. We used in our calculations altogether their printed

Senator Simmons. Do they speak in their reports of like increases in any other foreign country?

Mr. Lowe. Yes, sir.

Senator Simmons. You have not got those yet?

Mr. Lowe. We only get them as published.

The CHAIRMAN. Mr. Lowe, what is the condition of the industry in New England and throughout the country at the present time? Is it largely closed up and stagnant, or is it moving along?

Mr. Lowe. Well, it is moving along, but it is moving along in a hesitating way. We are anxious to know what our competition is

going to be.

The CHAIRMAN. At the present time, what percentage of movement is there in the industry?

Mr. Lowe. I should say, as an average, possibly 70 per cent.

The CHAIRMAN. That is pretty good, is it not? Mr. Lowe. That is not as good as we want.

The Chairman. Nothing is as good as we want, Mr. Lowe.

Senator SIMMONS. You do not attribute all that to foreign competition?

Mr. Lowe. No, sir.

Senator Simmons. They are largely conditions that affect every-body.

Mr. Lowe. Yes, sir.

Senator McLean. From what country do you have your most

serious competition?

Mr. Lowe. Under normal conditions, I would say England. But, of course, at the present time the German manufacturers are very anxious to get their goods in here.

Senator McLean. Are they in fact introducing goods here that

compete with yours now?

Mr. Lowe. Yes, sir.

Senator McLean. Then the difference in cost would be greater in comparing this country with Germany than with England; that is, you consider Germany your lowest cost competitor, do you not?

Mr. Lowe. Except that certain coarse goods are being made in

Japan.

Senator Watson. What is the relative cost of production in Japan and Germany on these cotton products?

Mr. Lowe. It is very difficult to come to any satisfactory conclusion on account of conditions of exchange.

Senator McLean. Do you know what they are offering their goods for here?

Mr. Lowe. No, sir.

Senator Sutherland. Are they underselling you?

Mr. Lowe. Yes, sir.

Senator Walsh. Suppose they are in certain grades, but not all grades?

Mr. Lowe. Yes.

Senator Walsh. Mr. Lowe, I understand, represents the cotton manufacturing interests as a whole. Why could you not, Mr. Lowe, or somebody representing you, prepare in tabloid form all the amendments that the cotton industry wants made to this bill, so that we can have them on one sheet of paper rather than to have to go through all these statements to find the various amendments?

Mr. Lowe. We would be very glad to do that.

Senator Warson. I would like to know what they want and why they want it.

Senator Walsh. He has it made up, but I have requested him to

have it prepared in tabloid form.

Senator Simmons. I want to ask you this: I think you stated a little while ago, though I do not recall exactly the figures that you gave, if you did say, what is the present importation of cotton goods?

Mr. Lowe. It is very varied, for the reason that

Senator Simmons (interposing). Suppose we take it for the last six months?

Mr. Lowe. We would have to get that from the published records. Senator Simmons. I thought you were familiar with that.

Mr. Lowe. I am not. I could not tell you in detail.

Senator SIMMONS. Can you tell me what proportion of the importations of cotton goods represent cotton goods that are produced in this country?

Mr. Lowe. You mean what importations there are that correspond

with goods made in this country?

Senator Simmons. No; I am assuming in that question that there are certain cotton goods which we buy from Great Britain that are of a character not produced in this country. Am I right in that assumption?

Mr. Lowe. There are some of the very finest goods; yes, sir.

Senator SIMMONS. I was asking you then what percentage of the entire importation of cotton goods into this country represent goods of a character not produced in this country?

Mr. Lowe. That would be a small amount.

Senator Simmons. It would be small, but there would be some?

Mr. Lowe. There would be some.

Senator Simmons. I was under the impression that we bought from Great Britain quite a lot of cotton goods that were very fine that are not produced in this country.

Mr. Lowe. Senator Lippitt will bring out that point, Senator,

fully.

Senator La Follette. Mr. Lowe, what mills are you interested in and where are they located?

Mr. Lowe. The Parkhill Manufacturing Co., at Fitchburg, Mass. Senator LA FOLLETTE. That is a very large concern, is it not?

Mr. Lowe. It is small compared with some, but we employ some 1,500 to 1,600 hands.

Senator LA FOLLETTE. Have you any schedules of the wages paid in your establishment, the Parkhill?

Mr. Lowe. No, sir; I have not here.

Senator La Follette. Will you file with the committee a complete schedule of the wages paid in your factory?

Mr. Lowe. Yes, sir.

Senator La Follette. And I think it would be helpful to the committee if you would make a schedule for 1913, we will say, and then a comparative statement for each year since, say, that we might see the changes that have been made. You are obliged to increase your wages very materially, I take it, during the war period?

Mr. Lowe. Yes, sir.

Senator La Follette. Do you employ any common labor?

Mr. Lowe. Yes, sir.

Senator La Follette. Do you employ any labor called "common labor" in your plant?

Mr. Lowe. We employ some.

The CHAIRMAN. Unskilled labor, do you mean, Senator?

Senator La Follette. "Common labor" is a term used by many representatives of the steel industry and other industries who have spoken here, and I used it because they used it.

What wages are you paying now per day for common labor?
Mr. Lowe. That, of course, depends on the class of work that they
do. Common labor is not all paid the same rate

Senator Walsh. Some work about the grounds?

Mr. Lowe. They work about the grounds, but the number of such is very small.

Senator La Follette. Of course, I understand that to be so.

Mr. Lowe. Yes, sir.

Senator La Follette. Then do you have any other class of labor that you employ inside of the mill that is unskilled labor?

Mr. Lowe. I would not say so; they must be more or less familiar

with machinery.

Senator La Follette. What are the lowest wages that you are paying at the mill?

Mr. Lowe. To-day?

Senator La Follette. Yes, sir.

Mr. Lowe. I do not think we are paying any labor in the mill under 38 to 40 cents an hour.

Senator La Follette. How many hours constitute a day's work—eight?

Mr. Lowe. Eight hours.

Senator Smoot. Those are girls, are they?

Mr. Lowe. Some are girls.

Senator La Follette. And some are men?

Mr. Lowe. Some are men.

Senator Smoot. What do they get for spinning?

Mr. Lowe. I can not give you that, but I will file it all with the committee.

Senator La Follette. Are you pretty clear as to your recollection as to your present wage?

Mr. Lowe. I would like to confirm it.

Senator LA FOLLETTE. How would that wage compare with the wage and for the same class of employment in 1913?

Mr. Lowe. It is a little more than double what we paid in 1913,

Senator.

Senator La Follette. You were then paying about 19 cents an hour in 1913?

Mr. Lowe. For certain classes of work.

Senator La Follette. For the same class of work that you are now paying 40 cents?

Mr. Lowe. Yes, sir.

Senator LA FOLLETTE. Well, can you state what the class of labor is that you are now paying 38 cents an hour?

Mr. Lowe. Semiskilled and transient.

Senator LA FOLLETTE. What percentage of your labor are you paying 38 cents an hour at this time?

Mr. Lowe. Quite a percentage.

Senator La Follette. Can you say about what percentage?

Mr. Lowe. Approximately 30 per cent.

Senator LA FOLLETTE. What is your next highest wage that you are paying in the mill?

Mr. Lowe. It goes right along up by degrees.

Senator La Follette. You will file with the committee, will you, the comparative wages?

Mr. Lowe. Yes, sir.

Senator CALDER. What is the highest rate you pay your skilled labor?

Mr. Lowe. I think we pay as high as 65 cents an hour.

Senator CALDER. What proportion of your entire labor is in that group ?

Mr. Lowe. It would be a considerable proportion.

Senator CALDER. Would you say that more than half of the men employed in your factory receive 50 cents an hour?

Mr. Lowe. Yes, sir.

Senator Calder. Would the majority receive 40 cents-

Senator Walsh (interposing). The largest number are the weavers, are they not?

Mr. Lowe. Yes, sir; more.

Senator Walsh. What is the average wage of the weavers in your industry, weekly?

Mr. Lowe. They would earn around 45 to 50 cents an hour.

Senator Walsh. And they constitute about 50 or more per cent of your employees?

Mr. Lowe. Yes, sir.

Senator Smoot. Mr. Lowe, are you running your mill on piece-

Mr. Lowe. Yes, sir; a good part of it. Senator Smoot. The weaving is on piecework?

Mr. Lowe. Yes, sir. Senator Smoot. Do you run spinning on piecework?

Mr. Lowe. The spinning is on piecework. Senator Smoot. The wage depends on whether a person is handling a loom skillfully or not? One weaver can make twice as much & another, and, of course, you like to weed out those that are not good producers just as fast as you can, but you have got to get somebody who can do better before you make a change?

- Mr. Lowe. Yes, sir.

Senator Walsh. Are the dyers classed as unskilled laborers! It is the hardest and most difficult labor, but does not require very much skill, does it?

Mr. Lowe. The present machinery has eliminated a great deal of

the hard labor.

Senator Walsh. What do you pay the dyers, whom I believe are men from the ordinary occupations of life?

Mr. Lowe. I think about 40 cents an hour now.

Senator Simmons. Mr. Lowe, you said a little while ago that wages increased during the war about 172 per cent?

Mr. Lowe. Yes, sir.

Senator Simmons. How much did you increase the price of your

product?

Mr. Lowe. I think probably the price of the product increased considerably less, because, together with the increased cost of wages, everything else went up.

Senator Simmons. Then you reduced wages 22½ per cent?

Mr. Lowe. Yes, sir.

Senator Summons. You reduced the prices of your product the same amount?

Mr. Lowe. We reduced the price of our principal product from 39 cents to 18½ cents.

Senator Simmons. What percentage was that?

Mr. Lowe. Fifty per cent.

Senator Simmons. So you regard the present rate of wages that you are paying since the reduction as permanent, or are you anticipating a very considerable further decrease?

Mr. Lowe. It depends entirely upon business conditions.

Senator Smoot. The price of cotton had a good deal to do with it, did it not?

Mr. Lowe. Yes, sir; cotton has advanced from around 10 or 12

cents up to 28 or 30 cents.

Senator Simmons. Not from the war price. Cotton is very much below the war price; it is not half the war price. Cotton has advanced from the low-

Mr. Lowe (interposing). Prewar price?

Senator Simmons. No; it has advanced from the price of last year. But from the price during the war cotton has fallen very much. In other words, the price of cotton, when you were selling your goods at an advance of 172 per cent during the war, cotton is now selling at nothing like so high a price.

Mr. Lowe. There is not such a wide difference in the price of cot-

ton now compared with the high price in war times.

Senator Smoot. What did you pay during the war?

Mr. Lowe. As high as nearly 40 cents.

Senator Smoot. Let us take this particular grade of cotton.

Mr. Lowe. Take our grade of cotton, the highest price we paid any time was around 40 cents.

Senator Smoot. And what is it to-day?

Mr. Lowe. It is 18 to 22 cents.

Senator Smoot. About the same rate that your goods have borne? Mr. Lowe. Yes, sir.

Senator Simmons. You say cotton is now 18 to 22 cents?

Mr. Lowe. Yes, sir.

Senator Simmons. You say you have cut your wages $22\frac{1}{2}$ per cent, while you cut the price of your goods 100 per cent. What I am interested to know now is, are you contemplating cutting your wages further to correspond?

Mr. Lowe. I do not think there is any contemplation to do it.

depends entirely upon the demand for goods and the conditions.

Senator Summons. You are basing your claim here for protection upon the present rate of wage that you are paying, and it appears that you have cut your wages since the war only about one-fourth, we will say, to the extent you have cut the price of your goods. That led me to expect that probably as soon as you possibly could you would make a further rather drastic cut in wages to conform to the cut you made in goods. I wanted to know if that is in consideration?

Mr. Lowe. I do not think that is in consideration. I do not think that follows naturally, because the amount that the market will pay for your goods determines the price at which you have got to make

your goods.

Senator Simmons. I understand that. But you generally regulate your price in large part by the cost of production, do you not?

Mr. Lowe. Excuse me.

Senator Simmons. I say the price of your goods is generally fixed with some reference to the cost of production, is it not?

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Mr. Lowe. Yes; of course. If the goods do not sell we do not make them.

Senator Simmons. The cost of production of goods, so far as the labor element is concerned, has not been reduced at all in proportion to the cost price of your goods, and I rather suspected if your could—I do not say that you can; I do not say that you ought to—but I rather suspect that when you can, having made that big cut in the price of your goods you would try to get the labor down.

Mr. Lowe. That is one of the costs of producing goods, of course.

Mr. Lowe. That is one of the costs of producing goods, of course. The Chairman. Senator Lippitt, I understand that Stuart W. Cramer, representing the cotton yarn phase of the discussion, will briefly address the committee. For the information of the committee,

Mr. Cramer, where do you reside?

STATEMENT OF MR. STUART W. CRAMER, REPRESENTING THE AMERICAN COTTON MANUFACTURERS' ASSOCIATION, CHARLOTTE, N. C.

The CHAIRMAN. You are in the manufacturing business?

Mr. CRAMER. Yes, sir; I am.

The CHAIRMAN. You come here as a manufacturer?

Mr. Cramer. I do.

The CHAIRMAN. Will you make your statement to the committee? Mr. CRAMER. Mr. Chairman, my remarks are directed to section 901, schedule 9, cotton manufactures, which relates to cotton yarns.

In the first place, we indorse the scale of ad valorem rates in the Fordney bill based on American valuation with the expectation that corresponding increases will be made in those rates if the American valuation plan is modified and your rates are based on foreign values. Ad valorem rates were the only yarn rates discussed by me with the subcommittee on cotton manufactures of the Ways and Means Committee in the belief that with American valuation specific rates were relatively unimportant. In fact, when asked by Chairman Green for suggestions as to specific rates, I made the above explanation when before his subcommittee.

Now, however, that some modification of the American valuation plan seems likely to be under consideration by you, the matter of specific rates becomes very important, and we respectfully ask for a scale of specific rates on a parity with the ad valorem rates of the Fordney bill. The specific rates that we advocate are embodied in the following proposed amendment to the second paragraph, section 901. [Reading:]

Cotton yarns, including warps, in any form, bleached, dyed, colored, combed or plied, of numbers not exceeding No. 40, four-tenths of 1 cent per number per pound; exceeding No. 40 and not exceeding No. 120, 16 cents per pound, and in addition thereto. fifty-five one hundredths of 1 cent per number per pound for every number in excess of No. 40; exceeding No. 120, 60 cents per pound: *Provided*, That none of the foregoing, of numbers not exceeding No. 100, shall pay less duty than 7 per cent ad valorem and in addition thereto for each number one-fifth of 1 per cent ad valorem; nor of numbers exceeding No. 100, less than 27 per cent ad valorem.

In explanation of the ad valorem rates in the Fordney bill, I beg to say that included with all the available data submitted to the subcommittee at that time by us were American selling prices as given in the trade papers and the comparative prices fixed on cotton yarns

and fabrics during the war by the price fixing committee of the War Industries Board. No comparison was obtainable of American and foreign costs of conversion at the present time, nor would it have been of value even if it were obtainable on account of the difference in the extent of liquidation of the cotton industry at home and abroad.

In an endeavor to conserve the time of your committee as requested in the circular letter of your chairman, I beg to say that if you accept the ad valorem rates in the Fordney bill, section 901, and in view of the fact that we ask only for specific rates on a parity therewith, the exact determination of those specific rates is merely a matter of comparison and computation for your experts; we are confident that the figures in our proposed amendment correctly represent the parity of which we speak.

It will be noted that we suggest no change in the plain grey single yarn rates, as those yarns may be considered to be the raw materials for the manufacture of advanced yarns and fabrics, as the case may

be, and are not in danger of serious foreign competition.

I desire to call your attention to the effect on tariff rates of the increased cost of production both at home and abroad that exists to-day as compared to the cost of conversion at the time of the

adoption of the Payne-Aldrich bill.

In illustration of this point, let us assume that the raw cotton in any yarn is 30 cents at home and in England. I take the value of the American cotton as being the same to the mills both here and abroad, for practically such is the case. Assuming the cost of the material in a given yarn as 30 cents, and assuming that before the war the conversion cost in America on an article made from this cotton was 30 cents, and the conversion cost in England one-half of what it was here, which I think is approximately what the difference was, we will have the following result [reading]:

	In America.	Abroad.
Cost of raw material	\$0.30 .30	\$0, 30 . 15
Total	. 60	. 45

which shows a difference of 15 cents, and 15 cents is 33½ per cent of 45 cents, the foreign cost; that is, an ad valorem duty of 33½ per cent would cover the difference.

Now, advance wages in both countries 100 per cent, with the same cost of material, and we get the following [reading]:

	In America.	Abroad.
Cost of raw material	\$0.30 .60	\$ 0, 30
Total	. 90	. 60

which shows a difference of 30 cents, and 30 cents is 50 per cent of 60 cents, the foreign cost; that is, we would have to get an ad valorem duty of 50 per cent to cover the difference.

This is figured on the basis of the English cost being 50 per cent of the American, but the same principle would hold if the English cost were 60 per cent, 70 per cent, or 80 per cent of the American; that is, if the cost of cotton remains practically the same to the manufacturers in both countries and wages are increased proportionately in the two countries, higher rates, both ad valorem and specific, are necessary. Costs of conversion in the United States to-day are at least 100 per cent higher than they were before the war, due to increased labor costs, shorter hours of labor, and other labor conditions, and there is no question but what they will remain higher than they were before the war, regardless of whether they recede somewhat from the present levels or not. It is fair to assume that foreign costs will settle to a level of practically the same per cent above their prewar prices.

Senator SIMMONS. Right there. I know you are familiar with this question and I ask for information. Is it your impression that the relative cost of labor in Great Britain and this country is about

the same now as it was before the war?

Mr. Cramer. It is not my impression that it is now in the textile industry, but it is my impression that when liquidation is completed at home and abroad, it will be on very much the same parity as it was before the war.

Senator Watson. What is it now, Mr. Cramer?

Mr. Cramer. That would require some discussion. For example, the increase in England, according to my best information, is 150 to 200 per cent, and the reduction at the present time is only about 17½ per cent from their war wage scale. We had our secretary, Mr. Adams, verify that on a trip he made over there recently.

Senator Simmons. So there is not very much difference?

Mr. CRAMER. At the present time there is not very much difference in the cost of conversion, anyway.

Senator Warson. Not very much difference in the actual wage

naid ?

Mr. Cramer. No; but it might happen there is, Senator, but probably not very much difference. Their reduction as yet is not as great as ours. What the exact difference is I do not know. That would involve a knowledge of their costs of conversion, which we, frankly, have not got.

Senator Smoot. That is, the figures in wages are about the same

in England as they have been in this country?

Mr. Cramer. The decrease in England is about only 17½ per cent, in New England it is about 22½ per cent, and in the South it seems to run from about 30 per cent to 40, or even, I have heard in some cases, 50 per cent. But I do not know of any such case, myself.

Senator Simmons. The increases here have been a little greater

than in England?

Mr. Cramer. Considerably greater, I understand.

Senator Simmons. But I understood you to say just now before the decreases the rate in England was very nearly the rate here, or

substantially the same rate here.

Mr. Cramer. I would rather answer that by indirection, if you will permit me, by saying that a great many fabrics that are normally competitive are sold at the present time cheaper in this country than in England, probably for that reason.

Senator Simmons. I am not speaking about the price of the goods; I am speaking about the labor cost in Great Britain and in the United States at this time. I understood you to say a little while ago that just at this particular time there was very little difference in the labor cost here and in Great Britain.

Mr. Cramer. I do not know that there is much difference in the labor cost; I would not like to say there is or is not. I frankly do not

know.

Senator Simmons. But, you believe that when the labor cost has been ultimately adjusted and brought down to a permanent basis that there will be the same difference in labor costs here and abroad as there was in prewar times?

Mr. Cramer. I think so.

Senator Simmons. That is what I understood you to say.

Mr. CRAMER. That is exactly what I meant to say. [Reading:]

In conclusion, it is only with the greatest hesitation that we can bring ourselves to indorse the Fordney ad valorem rates with the specific rates that we have suggested, to indorse the Fordney ad valorem rates with the specific rates that we have suggested, but we do so in the firm belief and conviction that present-day conditions, as here-tofore outlined, will be taken fully into consideration in determining rates should the American valuation plan be modified and provisions be made for assessing duties on foreign valuations. Furthermore, I am asked to state by some of the mills making low-count advanced yarns that under present conditions, especially, they feel that the specific duties suggested are too low, as Germany and France are making special efforts to capture the trade on such yarns that are used in bulk for embroidery and are not covered in the special classification for embroidery yarns. Therefore, while indorsing the plain single gray yarn rates of the Fordney bill, these mills concerned request that consideration be given to these low-count advanced yarns and that a minimum specific rate of 6 cents per pound be considered by you instead of the 4 minimum specific rate of 6 cents per pound be considered by you instead of the 4 cents per pound as proposed in our amendment.

Senator Smoot. I understood you to say nothing about the bleached cotton yarns, but understood you to confine yourself to unbleached yarns.

Mr. Cramer. Bleached, included in the advanced yarn class.

Senator Smoot. But you did not refer to any increase that you wanted in the bleached yarn. Do you want some increase proportionate with that on the unbleached?

Mr. Cramer. We do.

Senator Smoot. If you have the American valuation, for instance, are you satisfied with the specific rates in paragraph 909 covering

unbleached pile and colored cotton yarn?

Mr. CRAMER. I am only asking for specific rates corresponding to the ad valorem rates in the Fordney bill, section 901, which I indorse on the American valuation basis, and I have suggested leaving the computation of those specific rates to your own experts.

Senator Smoot. The rates named in the Fordney bill?

Mr. Cramer. Yes, sir. If you take those ad valorem tares and apply American selling prices, I think you will approximate the specific rates proposed in our suggested amendment.

Senator Smoot. I want you to answer me yes or no. If we adopt the American valuation plan are the specific rates mentioned in para-

graph 901 satisfactory to you?

Mr. Cramer. I will answer that by saying no; but I would like the privilege of again saying that the ad valorem rates are satisfactory to us-

Senator Smoot. If you do not have the American valuation, then you want, instead of one-fifth of 1 cent per number per pound on numbers exceeding 40, you say four-tentlis-

Mr. Cramer. We have not asked for any change at all on that first

paragraph, relating to plain, gray, single yarns.

Senator Smoot. What was the four-tenths of 1 per cent?

Mr. Cramer. That was for the advanced yarns.

Senator Smoot. Where is that?

Mr. Cramer. It is page 104, line No. 4. That is the only change that we ask.

Senator Smoot. That is the beginning of line 4 down to and including line 16, "Cotton yarn, including warps, in any form, bleached, dyed, colored, or plied"?

Mr. Cramer. Yes, sir.

Senator Smoot. All right. I understand it now, and I will change

it accordingly.
Senator Watson. To what extent has there been manufacture in Company to amount Germany. Did they ever manufacture cotton in Germany to amount to anything?

Mr. Cramer. They have a very large cotton textile industry in

Germany.

Senator Watson. They have now.

Mr. CRAMER. They have had ever since I have known anything about the business—for over 30 years.
Senator Watson. To what extent has it been resumed?

Mr. Cramer. I am told that it is now operating between three-fifths and four-fifths full. I do not know, but I presume that is true.

Senator Watson. In your comparison of the wages of competing countries you were speaking with reference to England?

Mr. CRAMER. Yes, sir.

Senator Watson. What is the situation in the German factory in regard to wages, if you know, and in connection with that will you answer the other question as to how many German imports of cotton manufactures are now coming into the United States?

Mr. Cramer. I can not answer as to German imports. I can simply say that Mr. Fix, of the customhouse, informs me that in 1920 about \$24,000,000 of yarns were imported from everywhere, and

most of them, I understand, were from England.

Senator Watson. So that you do not know what manufactures of cotton are now coming into this country from Germany, if any?

Mr. Cramer. I do not.

Senator Watson. Do you know anything about the wages paid over there in the same line of industry in which you are engaged?

Mr. Cramer. In Germany?

Senator Watson. Yes.

Mr. Cramer. Only in a general way. Everything there is fluctuating so rapidly that I do not believe anyone knows a week ahead what to count on—certainly not a month ahead.

Senator Watson. Are they very much below what they are in

this country?

Mr. Cramer. Very much.

Senator Warson. Do you know about them in Japan?

Mr. Cramer. I am told that the average wage for an adult there is 50 cents per day.

Senator Watson. In cotton manufacturing establishments? Mr. Cramer. That is what I am told.

Senator Watson. Are manufactures of cotton coming into this country from Japan now in any considerable quantity?

Mr. Cramer. Yes; in some limited lines, especially crêpes—so

Mr. Fix advises me.

Senator Walsh. China also, Shanghai, has a lot of cotton industries that compete?

Mr. Cramer. Quite a large cotton manufacturing industry over there, supplying the trade formerly supplied by us and England.

Senator Simmons. Mr. Cramer, speaking about China and Japan, has the effort to establish the cotton industry in those countries been very successful?

Mr. CRAMER. To which do you refer, Senator?

Senator Simmons. China and Japan.

Mr. Cramer. Yes; especially during and since the war. American machine shops, during the past two or three years, have been sending quite a large proportion of their output to new mills in Japan and China.

Senator Simmons. While they pay over there very much less wages per day, do they find that the labor costs in producing these

goods is very much less than in this country?

Mr. Cramer. I can best answer that by saying that I used to be president of a mill making standard sheetings that went to China, and that we no longer make those for China; they are supplied by

Japanese and Chinese mills.

Senator Simmons. I am asking, because I have heard it suggested and I do not know anything about it. I have heard it suggested that it has been developed in connection with the actual operation of some of those mills located in China that, by reason of the inefficiency of labor there, the final and actual labor cost was quite as high there as here, and I wanted to know whether that is true or not.

Mr. CRAMER. I do not believe that is true, but I do think the question of efficiency has an appreciable effect on their costs of

conversion.

Senator SIMMONS. I know that.

Mr. Cramer. I am sure of that; but modern cotton mill machinery is largely semiautomatic. It is a matter of attendance rather than anything else. For instance, in my mill there are seats at the end of every frame, and if I go through the mill and do not see the people there apparently taking things easy, I know things are not running well; activity and bustle mean trouble.

Senator Simmons. That is true, but it is true of machinery in both countries. The question is as to the efficiency of such human labor as you have to employ, and while the per diem wage is much less there than it is here, in the end the labor cost, the part that represents human labor, is it not in the end substantially the same as

here ?

Mr. Cramer. I do not think so, for the reason that the operation is largely one of attending machines. What does that attendance mean? In spinning, a boy of 14 can learn to do that as well as anybody in a few months.

Senator Simmons. You do not employ very much highly skilled labor in this country, and you would not have to employ very much in China.

Mr. Cramer. It does not really work that way, Senator. Their relative inefficiency forces them to employ more people than we do to do the same work.

Senator Smoot. How many looms does one hand run in your mill?

Mr. Cramer. I only make varn in my mills now. Senator Smoot. I mean in the southern mills?

Mr. Cramer. In a mill where they do not use automatic looms a six-loom weaver is about the average; and with automatic looms,

16 to 24 looms to a weaver is the average on plain work.

Senator SIMMONS. Taking into consideration the inefficiency of Chinese labor, the Chinese labor that you speak of, that is the labor necessary to run a cotton mill, whether there are more laborers there than here, is not the difference in the labor cost in producing cotton less in Great Britain than in China?

Mr. Cramer. I would not like to answer that, for I do not know; but I presume that the Chinese produce cheaper because, Senator, the Japanese and Chinese mills at the present time supply the Chinese

markets as far as their capacity goes.

Senator Simmons. I do not want to be understood as speaking about the present time, because you have just said the labor cost in Great Britain and in this country to-day are practically the same: but you also said that if things assume their normal aspect with reference to labor, the difference between the labor cost here and in Great Britain would be about the same as it was before. But, assuming the labor, both in China and Great Britain, have fallen to prewar labor conditions, on account of the greater efficiency of the English labor over Chinese labor would you say the labor cost in China was much less than it was in Great Britain. It was less than it was here, because our cost in prewar times was much higher than the cost in Great Britain.

Mr. CRAMER. I would say that the Chinese cost would be less than either in America or Great Britain, and that the Chinese will always be able to do what their mills are largely able to do now, to supply

the Chinese market as far as their capacity goes.

Senator Simmons. The point I make is whether we could accept the labor costs in Great Britain as a basis for determining the difference in the labor cost here and abroad, and especially here and in China?

Mr. Cramer. Well, we have accepted that in the past for the simple reason that our competition here is largely from Great Britain: but the bulk of our competition in China comes from the Japanese and Chinese being busy supplying the Chinese market.

Senator Simmons. They have not reached the point where they

export cotton goods to this country?

Mr. CRAMER. No Chinese goods that I know of.

Senator Simmons. You spoke of Germany. You said the labor costs there were very low compared to ours to-day. Have you ever considered the question of how much more of the necessaries of life the wage that the American gets would buy as compared with the wage which the German gets. I ask that question because one gentleman before this committee when we had our other hearings—I do not recall who it was—said that he had been to Europe traveling, and that he had been in the factories there which were engaged in his particular industry, and that he had investigated the labor costs there as compared to here, and that he had also investigated the question of the cost of the necessaries and essentials of life there, and while he said the price paid to labor there in marks converted into American money would be very much less than the wages here, he also said that the wages he received in marks in Germany would enable him to buy as much meat, as many pounds of meat, as the laborer in this country in his industry could buy with the wage that was paid here.

Mr. CRAMER. I am informed that it does not do it, but that the

German workman simply gets along with less.

Senator Simmons. It is not a question of whether he gets along with less, but a question, in my mind, whether what he gets will buy in Germany as much of the necessaries and essentials of life as the wage our laborers get will buy in this country.

Mr. CRAMER. I do not understand that he can, but that is not

of my own personal knowledge.

Senator Simmons. That is a very important factor in connection

with this very question that is presented to the committee.

Mr. CRAMER. We have heard it said, and I have reason to believe that it is true, that the variation in the exchange over there is so rapid——

Senator Simmons. It is not a matter of exchange; it is a matter of

the wage he actually gets.

Mr. Cramer. I thought you said "When the mark was converted

into American money,"——

Senator Simmons. No; if converted into American money it would be much less.

Mr. Cramer. That is the way you would get the comparison.

Senator Simmons. I am comparing now what is the potential purchasing power of the wage that the German receives in German marks where he buys the necessaries of life, as compared to the potential purchasing power of the wage which the American receives in the American market where he buys his necessaries of life.

Mr. CRAMER. I do not believe the German can buy as much as we

can, or anything like that, on the wage he receives.

Senator Smoot. In Germany, you know, the food is regulated by law, and not only the food but rents are regulated by law, and the German people can not charge any more than the law says that they can charge, and the wage that they do get goes a great deal further in Germany than the same wage would go anywhere else.

Mr. CRAMER. There is no question about that.

Senator Simmons. That is undoubtedly so, and that is the reason I gave credit to the statement of this witness that I spoke of, that the amount of money which the German laborer in his industry got for a day's work would buy as much of the necessaries of life as the wages that were paid men in his industry in this country could buy of the necessaries of life.

Mr. Cramer. I do not know whether it would or not, Senator, but I do not see, if you will pardon me, how that would particularly affect us, except-

Senator Smoot. You would have to be protected a great deal

more on that score.

Mr. Cramer. Exactly.

Senator Simmons. That is a matter of conjecture and argument. I am trying to get at the facts.

Senator Warson. Do you export any manufactured products?

Mr. Cramer. None at all now.

Senator Watson. You export none?

Mr. CRAMER. None at all.

The Chairman. Just as a matter of personal information, what proportion does colored labor bear in this industry in your section of the country?

Mr. Cramer. Really none, except common labor, unskilled labor

on the outside; none in the mill at all.

Senator Smoot. Do you use many girls in the weaving room?

Mr. Cramer. Well, not much in weaving; but a number in spinning mills. In the South, we have villages in which we furnish all the houses practically rent free. We charge 25 cents a room per week. and that includes electric lights, waterworks, and sewerage. Part of the wage is free rent and such things. We have to take all the workers in a whole family; as a rule there is no other occupation in The town is clustered around the mill and everybody the town. is employed there, as a rule.

Senator La Follette. You turn out just one product from your

own mill?

Mr. Cramer. Fine yarns.

Senator La Follette. In the gray?

Mr. Cramer. In the gray.

Senator LA FOLLETTE. Will you furnish to the committee a statement of the different yarns which you manufacture, and the labor cost in each unit of product?

Mr. Cramer. Would you make that just a little more specific; do you want each different count? For instance, we make perhaps

30 counts of fine yarns; something like an average of that?

Senator La Follette. Yes.

Mr. CRAMER. Yes, Senator, I will be glad to do that.

Senator LA FOLLETTE. Would you think that would be helpful to the committee here?

Mr. Cramer. Yes, sir; probably.

Senator LA FOLLETTE. Then I want you to do the same thing that Mr. Lowe agreed to do, furnish this committee the wage scale paid in 1913 and in each year thereafter down to the present time in the different branches of your establishment.

Mr. CRAMER. I shall be very glad to do that also. Senator McCumber. Is that by the piece?

Mr. Cramer. We run piecework as much as possible, almost entirely, and we pay by the week; so, will give you the weekly wages.

Senator La Follette. And that will show the pay they receive. I think in your case that as a part of the wages you should at least accompany your statement with some explanation with regard to the rents furnished and other things furnished, because that is an element.

Mr. Cramer. That is a very large element.

Senator La Follette. An element in the living wage that each of your employees receives, and if one wanted to institute a comparison of the amount received by an employee, or the head of a family, or a family, with a standard of decent living as ascertained by the Government, it would be a material factor to have that, so I wish you would make it as complete as you can.

Mr. CRAMER. I will be very glad to do that.

Senator Simmons. Do you export to any extent your own product?

Mr. CRAMER. None at all.

Senator SIMMONS. Is it not a product that is exported from this country?

Mr. Cramer. I do not know of anyone who exports it, because the

foreign costs are less than the domestic costs.

Senator McCumber. How do the selling prices now compare with the prices in 1914 before the war?

Mr. Cramer. Well, I should say they are up, probably 60 to 80 per

Senator McCumber. Are they lower than they were at any time during the war?

Mr. Cramer. Oh, my, yes.

Senator McCumber. To what extent have you lowered them in the

last two years, say?

Mr. CRAMER. We lowered them at one time to the prewar basis, and operated at heavy loss and curtailed production, but now the rise in the price of cotton has caused a rise in price and better demand, but even now it is neither a profitable enough business nor a business where there is a sufficient demand for us to run full. We are curtailing our operations now.

The Chairman. What percentage of your capacity is running? Mr. Cramer. This week we are curtailing Friday and Saturday.

The CHAIRMAN. What percentage?

Mr. Cramer. That is the percentage, Mr. Chairman. We try to run full as long as we can, and when we curtail we stop a day or two days, because running full is the most economical way of running when you run at all.

Senator Warson. If you have reduced wages on the average from 40 to 50 per cent in the South, and in New England they have reduced them 22½ per cent, you can compete with them in that same

ratio unless you are producing a different line?

Mr. Cramer. Thirty to forty per cent. That is not exactly true, Senator, because other conditions are different. For instance, I have a million dollars invested in a village, and I have erected churches, schools, and all such things, and that is entirely different from conditions in New England.

Senator Walsh. They have villages that do that in New England. Mr. Cramer. I think you will find that is only done in a few cases. Senator Walsh. They have boarding houses and tenement houses.

I live in a town where there are at least 500 tenements.

Mr. Cramer. Does a mill company own them?

Senator Walsh. Yes.

Mr. Cramer. That is not the rule. I am referring to the average mill, and I know that northern mills do not have villages as a rule; and that practically all southern mills do have villages.

Senator Warson. It is pretty hard to make a comparison.

Mr. Cramer. Yes; but I will endeavor to do so.

The CHAIRMAN. Thank you, Mr. Cramer. If there is no objection, the committee will continue its usual schedule and will adjourn now until 2 o'clock this afternoon.

(Thereupon, at 12.20 o'clock p. m., a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

(The committee met at the expiration of recess, at 2 o'clock p. m.) The Chairman. The chair is informed that Senator W. H. Hall, of Connecticut, desires very briefly to submit a matter to the committee, and the committee will, therefore, proceed to hear Mr. Hall.

Senator, will you proceed with your statement?

Mr. HALL. Yes.

STATEMENT OF MR. W. H. HALL, REPRESENTING THE UNITED STATES THREAD COMMITTEE.

Mr. HALL. Mr. Chairman, there is my case in a nutshell [handing the chairman a paper].

Senator McLean. In what paragraph are you interested?

Mr. Hall. Paragraph 902.

Senator McLean. Have you given your name to the reporter, and

have you told him the interests that you represent?

Mr. Hall. W. H. Hall, South Willington, Conn. I am chairman of the committee representing the thread manufacturers of the United States.

Senator McLean. Do I understand that you speak for the American

Thread Co.?

Mr. Hall. I speak for the combined thread industry of the United States. We had a meeting at which about 85 concerns were represented, and they appointed a committee of five and selected me as their chairman, and I represent the thread industry of the United States.

The CHAIRMAN. Then there will be no other speakers for that industry?

Mr. HALL. I think there will not be.

The CHAIRMAN. Very well, sir.

Mr. Hall. Paragraph 902, of about 7 lines, reads as follows:

Cotton sewing thread; crochet, darning, embroidery, and knitting cottons put up for hand work, in lengths not exceeding 840 yards; one-half of 1 cent per hundred yards.

All that we are asking for is a schedule that will cover our industry. We are not asking for any modification of the specific rate or ad valorem duty.

In this paragraph you will notice that it says cotton sewing thread put up for hand work. That would seem to limit the thread to thread put up for that purpose. Probably 95 per cent of all the thread that is manufactured is not put up for hand work, but is put up for

machine work; hence we ask that paragraph 902 be amended so that it shall read: "Put up for hand work or machine work."

Senator Smoot. And you want to cut out the length of 840 yards?

Mr. Hall. Cut out the 840 yards.

I do not know why that was put in here. We certainly never advocated it, and it certainly does not cover our industry. Under this paragraph 902, it would protect this little ball that I have in my hand, but it would not protect this one at all, which is exactly the same stuff. It would protect these two spools that I have here, but it would not protect these three [indicating]. It would protect this one here, but it would not protect these two [indicating]. It would not protect any of these, and these are all goods that I manufacture, all are in excess of 840 yards, and all are put up for the manufacturing trade.

Senator Smoot. Then it would fall under the basket clause.

us see what protection you would get.

Senator McCumber. Do you recall what it would be under the basket clause?

Mr. Hall. Yes. If you will turn, Senator McCumber, to page 180, paragraph 1457, I think you will find what you are looking for. Senator McCumber. Twenty-eight per cent ad valorem?

Mr. HALL. Twenty per cent, is it not?

Senator McCumber. It says 28 per cent in paragraph 920.

Mr. Hall. Paragraph 920?

Senator Smoot. Page 113, line 5.

Mr. Hall. Gentlemen, I am wondering if we are not specifically provided for. Doesn't this article cover thread?

Senator McCumber. I think it does. It says any cotton.

Mr. HALL. That article has been put in there and there always has been an article in every tariff bill specifying thread. If the industry is to receive any consideration at all, why not have that article so plain and so short that it will take in just what we manufacture?

Senator Smoot. I see exactly what you want. What I was wondering was why you wanted to come in here with the items you say are not protected at all when you really are protected here. Your protection may even be higher, because it says here, "Not less than 17 nor more than 331 per centum ad valorem."

Mr. Hall. Why not put all that we manufacture under this article so that we will not have to be basing a tariff on three or four different

articles.

Senator Smoot. I suppose the reason it was put in here was not for read. There is a semicolon after the word "thread." Then it takes in crochet, darning, embroidery, and knitting cottons.

Mr. Hall. What is true of thread is also true of these things here.

We find them in exactly the same ratio.

Senator Smoot. Your statement is absolutely correct; there is no doubt about that. I wanted you to get in your mind, in view of the fact you stated you were not protected, that in my opinion you are protected to a greater degree than if you should fall under paragraph

Mr. Hall. That article says these things not specifically provided

for. Cotton thread is specifically provided for.

Senator Smoot. But it says here, "all articles made from cotton cloth, whether finished or unfinished, and all manufactures of cotton, or of which cotton is the component material of chief value, not specifically provided for, 28 per cent ad valorem." They are not specifically provided for because of the fact that they do not fall within the definition here, as enumerated in paragraph 902.

Mr. Hall. Why stop with 840 yards? Why not put our industry

in six lines, which you can, and let that cover it?

Senator Smoot. The object that the House had in mind was, that they did not want these darning yarns, which, perhaps, may be used for other purposes, to fall into the same paragraph in which other yarns such as skein yarns fall, because these are simply for hand work, for home consumption, you might say, direct from the These others are yarns that are sold for further manufacture. That is the object in using that limitation on the yardage.

Mr. Hall. Why did they put in for hand work?

Senator Smoot. As to that, I think you are perfectly right. Mr. Hall. That would cut out 95 per cent of all the stuff we manufacture.

Senator Smoot. I think you are correct. All of that falls within

paragraph 920.

As to these darning yarns, they may be exactly the same yarns as are put upon the large skeins, or, as far as that is concerned balings made at the same time but only put up in a different way. So there have to be limitations. For instance, these are in lengths instead of warps, and they come under a lower rate of duty under This provides here for these to be used by hand and not to be used by machinery for further manufacture; and where they are for machine work they are provided for in another part of the schedule. In your particular case they are for hand use. Of course, they would fall under paragraph 920. If I were going to administer the law, that is what I would do with them. what I would assess importations on in dealing with that class of goods.

Senator McCumber. Would you be satisfied with 28 per cent on the other class of goods which you say does not fall within the

Senator Smoot. Are you safe with 28 per cent?

Mr. HALL. I do not know what we are going to be safe with in the future. It is an experiment. I am willing to take a reasonable chance.

Senator Smoot. The only other way to do it would be to make two separate classifications in this paragraph and leave out here the limitation as to the length of the skein or the length of the bobbin or spool, or whatever it is put upon, and then have another one to put the length in.

Mr. Hall. I am primarily interested in the thread; that is what

I want to see protected.

Senator Smoot. I think you are protected, if the 28 per cent will protect you; if 28 per cent will not protect you, of course it will not Not only are you protected here, but in another way, too, because it says not less than 17 per cent here nor more than 28 per cent, in the other paragraph.

Senator McLean. What is the occasion for the difference in the

allowance here?

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Senator Smoot. I do not know just what the House had in mind, but, as an example, taking darning yarns and crochet yarns, one can be made of much lower stock than the other. One may be carded and the other may be-

Senator McLean. Isn't the manufacturer subjected to the discre-

tion of some one?

Senator Smoot. No; not at all. I do not think there is any discrecion here at all. I am perfectly willing to give you the protection What you say is true, that that thread will not fall within oaragraph 902. You are right about that. There is no doubt about that, considering the limitation on the length of the skein or the spool, but it is not provided in any other way except in the basket clause, and that is section 920.

Mr. Hall. Then, we will have two different rates upon thread,

depending upon the length, when it gets on the market.

Senator Simmons. I would like to hear Mr. McCoy give his views on

Mr. McCoy. The bill says that all material, no matter how it comes up, pays this rate. It does not make any distinction as to how it comes. All sewing thread pays the same rate of duty.
Senator Smoot. You do not have a comma there; you have a

semicolon.

Mr. McCoy. Yes: a semicolon.

Senator Smoot. After the semicolon it refers to the length. Now, if any of the crocheting or darning or embroidery or knitting cotton is more than 840 yards in length, then, of course, they fall within the basket clause.

Mr. Hall. Your interpretation of the clause is that 840 yards would refer only to crocheting, darning, embroidery, and knitting cottons?

Senator Smoot. It can not go back of the semicolon.

Senator McCumber. There can not be any question about that. Senator Smoot. It can not go back of that. If that were a comma,

it would be a different thing.

Senator McCumber. In other words, the cotton sewing thread bears one-half of 1 per cent per hundred yards. That also applies to the other.

Senator Smoot. Following the word "yards" is a semicolon. That is the end. We might have put another class of goods in there. Then it would go on the same; then there would be another semicolon.

Mr. Hall. If that is the interpretation and that would be the appli-

cation, I think I could subscribe to it.

Senator Smoot. Well, take any other part of the bill and you will find that to be the case. As an illustration, take paragraph 903. There we commence with "cotton cloth, not bleached, printed, dyed, etc." It goes down to the semicolon. That is all that is applied to that semicolon. After the semicolon there is another rate entirely. It is a new proposition, a new kind of goods, and the rate applies to that particular kind of goods within that sentence.

Senator McLean. You might consider this matter and communicate with the committee with regard to it, as there is no dispute about the

rate. You do not ask for an increase in the rate?

Mr. Hall. I do not ask any change in any shape, form, or manner.

Senator Smoot. We want you to feel perfectly safe. We want your industry protected the way you want it protected. If there is any question at all about it, it will fall within the basket clause.

Mr. Hall. That handwork——

Senator Smoot. That applied only to darning, crochet, embroidery, knitting cottons, and it applies to those only when in length not to exceed 840 yards.

Mr. Hall. As I say, if that is the interpretation and that would be

the application I can rest my case.

Senator Smoot. We will ask Mr. Fix, who is here, and who administers it.

Mr. Fix. I bear that out.

Senator McCumber. Have you some other witness to present, Senator McLean?

Senator McLean. No; that is all.

STATEMENT OF MR. HENRY F. LIPPITT, REPRESENTING THE COTTON MANUFACTURERS, PROVIDENCE, R. I.

Senator Smoot. Are you going to refer to yarns, Mr. Lippitt?

Mr. Lippitt. The cloth schedule only.

Senator McCumber. What paragraph is that?

Senator Smoot. It begins with 903.

Mr. Lippitt. I did not expect to take any part in the preparation or discussion of this cotton schedule at this time. I had hoped to leave that work to younger hands, but, sirs, this cotton schedule. I believe, is the most revolutionary piece of tariff legislation that the Republican Party has proposed since Abraham Lincoln signed the first Republican tariff bill in 1864. It applies to an industry representing over a billion and a half of dollars and employing several hundred thousand people. There depends, I believe, upon your action on this schedule whether the traditional prosperity of my native State shall stand or fall, and I think I can say the same about my neighbor, the great Commonwealth of Massachusetts.

I want to call your attention, in the first place, to the great variety of products that are produced under the general name of cotton and cotton manufactures. I think-the idea in the minds of the people generally is that cotton is a homogeneous product. It is far from it. I am speaking of the raw cotton. It is of great variety, depending upon its condition, as to whether it is clean or otherwise, upon the color, length, diameter, character, and strength of the staple of which it is composed; and these variations are measured in the market price of the article, which varies to-day from a minimum price of perhaps 10 or 12 cents a pound to a maximum of 40 cents or more.

What applies to the raw material cotton applies in greater degree to the finished product. There is no textile fabric that is used for such a large variety of purposes as the manufactures of cotton. Neither wool nor silk nor flax has such a variety of uses. It goes into products that are as different in their methods of manufacture, in the uses to which they are put, in their competitive relations to each other, as though one were made out of cotton and one were made out of steel.

For instance, an automobile tire has no commercial relation to a corset. They can not be woven on the same loom. A piece of sail

cloth has no competitive relation to the product of our fine spun

yarns, which produce a fabric that is almost like silk.

There may be at the same time a great scarcity of one in the market and a high price: there may be a great quantity of the other in the market and a low price. The two are not affected at all except for the fact that they are made out of cotton.

The result of this condition is that it is a very difficult matter to have a tariff written in a simple formula and have it equitably apply to the great variety of product it is supposed to cover. It has resulted in this bill in great inequalities of rates which I propose to

try to explain to you.

Now, coming to this schedule, the cloth division of the schedule is based on the assumption that there is only one cause for variations in the cost of textile fabrics that justifies a discrimination in duty. It is based upon the idea that as the yarn grows finer there should be an increased duty on account of the increased labor cost that results from that change. That there should be an increase for this reason is of course correct. It has been recognized in every tariff schedule that has been written that is connected with cotton goods.

The duty that is assessed for that cause in the bill varies from a low duty of 10 per cent—and I am speaking now of the ad valorem minimum under the basket clause—to a maximum of 33½ per cent.

I have brought here, because I thought it might interest you gentlemen, one of these very fine cotton cloths. It is much like silk. I will say to you, gentlemen, that it is a product of the native State of Senator McLean, the State of steady habits. I will say further that it takes very steady machinery and very steady fingers to produce such a fabric as that.

Let me explain to you the operation of the cloth schedule. It is based upon a gradually varying duty, as I have said, as the yarns grow finer. It is made up of two factors, a specific duty, and an ad valorem duty. The specific duty consists of a formula that results in placing a duty of so many cents a pound on the cloth made from the different yarns. The ad valorem duty prevents the ad valorem equivalent of that specific duty becoming too low.

For instance, if you take a piece of cloth made with No. 30 yarn, the duty is 12 cents a pound. If the cloth costs 48 cents a pound,

that 12 cents a pound is equivalent to a duty of 25 per cent.

If the cloth costs 60 cents a pound, that specific duty would be equivalent to an ad valorem duty of 20 per cent. If the goods cost 84 cents, that specific duty would be equivalent to an ad valorem duty of about 14 per cent and a little over.

Senator Watson. You are speaking of the proposed law?

Mr. Lippitt. I am speaking of the law as it came to you from the House.

I say that at a cost of 84 cents a pound the duty would be 14 per vent and a little over, but at that point the ad valorem basket clause comes into effect and the duty is so fixed that on all cloth in the gray that costs 84 cents a pound and above, made from No. 30 yarn the duty is 15 per cent. On cloth less than 84 cents, there is a specific duty, which gives varying protection running from 15 to 25 per cent on prices that have recently prevailed.

Gentlemen, there is a large number of the finer, artistic manufactures of cotton whose value is not only 84 cents a pound but it is

far above 84 cents a pound.

These cloths are very difficult to make, of great artistic merit, and the conversion cost of them as compared with the ordinary fabric I have just been discussing is very great. They are cloths that heretofore have been in the higher range of duties of the cotton cloth schedule, whereas in this bill they are assessed at the very lowest They are the goods that are most likely to be imported. The best way I could think of having you realize just what is meant is not

by describing them but by showing them to you.

I am going to take the liberty of showing you some samples, because the only way that I can impress upon you the variety and extent of this industry is to let you see the actual things. I am going to apply the duty to two or three of these as characteristic of the whole. I am sure you will excuse me for taking up a few minutes in showing you these products, because they are things of great beauty, possessing very artistic qualities. Some of them are made on jacquard looms with drop boxes; some are made on dobby looms: some are made with lenos. As I go along, you will see that these are not the products of any one mill; they are products collected at random from several of the New England mills.

Senator Watson. Mr. Lippitt, please illustrate your argument

with your exhibits.

Mr. LIPPITT. I will, Senator, in just a moment. Senator Watson. With the cloths.

Mr. Lippitt. Yes, if the Senator will indulge me just a moment.

Senator Watson. Certainly.

Mr. LIPPITT. I want to say that these do not represent one-onethousandth of the varieties of cotton fabrics that are being made in New England in these mills. The mill that I run is producing over 2.500 different styles of cloth for our customers to select from. They 2,500 different styles of cloth for our customers to select from. are doing that from 10,000 looms. We do not run, on an average, over four looms to one fabric. I assure you, gentlemen, that is a very large undertaking.

Senator Walsh. These are from your factory, are they?

Mr. LIPPITT. No, sir; they come from a number of the New England factories and are simply taken at random to show the variety of things produced there.

Senator Watson. Are these all for dress goods?

Mr. Lippitt. Some of them are. They are for a variety of uses. Some of them are decorated with silk, because in the attempt to meet the competition that New England is subject to, we have to resort to

every expedient.

Let me say at this time that there is no industry in the United States that is so competitive as the cotton manufacturing industry. We have not merely the competition of our own domestic mills operating under similar conditions of climate, labor, fuel supply, and all that, but we have the very intense competition of a separate section of the country in which there has grown up a very able set of mill operators, and they are enabled to run mills there, owing to local conditions, longer hours than we are, and to pay their operatives lower wages.

It has been a very difficult task for New England to compete with them. We have never objected to this competition. We do not object to it now. We have at no time objected to any American citizen running his factory at the utmost efficiency of which he is capable, but we had to meet that competition in some way. I can remember 20 years ago when all my friends in the cotton industry told me that New England was doomed as a cotton-manufacturing place; that it would never be able again to expand its mills. We met that situation, but not without great effort. We met it, not by trying to reduce the wages of operatives, but we met the competition by making a better article. It has been New England's effort and New England's pride that the things that New England turns out should be of a quality equal to that of any other part of the world. I want to tell you, sirs, that this is a piece of goods (exhibiting fabric) that can be made by very few mills in the world.

Senator Walsh. I can confirm what you have said.

Senator Smoot. This industry has not only been put to a great deal of expense, but it has practically been forced to build new plants.

Mr. Lippitt. Yes; it has involved all those things. It has involved

practically the creation of a new industry.

When I first went into the cotton industry more than 40 years ago, and was superintendent of a mill, it was considered to be a complicated mill. It made 10 different styles of goods on a thousand looms. Compare that with the present.

This [indicating] is a very expensive piece of goods. It is made for

embroidered skirting.

Here is another fabric along the same lines. You see that there is an infinite variety of them.

Here is a thing that is very popular at this time, just temporarily.

Here are two different patterns of it.

These are all dress goods that I am now showing you.

This is a drapery pattern. This is one of the simplest forms of drapery. These things get a little more elaborate as I go along. I think that you will find that this is not a disgrace to any cotton mill. It is something, Senator Simmons, that the South has not yet equaled.

Senator SIMMONS. It is very pretty; but what is it used for?
Mr. LIPPITT. It is a window curtain. There is one that has a border at one side and the bottom.

Senator Watson. Is that drapery too?

Mr. Lippitt. Yes; these are all draperies. There is a rather nice thing for children, for the nursery curtain.

Senator Warson. What is the price of that?

Mr. LIPPITT. I can not answer that, because some of these things are not being made now. I asked some of my neighboring mills to send me samples. I said, "I do not care what you send me. I do not ask you to send me things you are now making; I want simply to show the range of the products of these mills." They may not be made to-day, and they may be made to-morrow.

This is an imitation of a lace curtain. That is a complicated thing

there. It comes very close to a lace fabric.

Perhaps I have shown enough of these, but I do think that they are instructive.

Here is another type of goods that is being made. It is full of color. I am going to talk about the dyestuffs question a little later

on. Perhaps you will bear these things in mind.

This is a rather nice design. They are all original designs of the mills that make them. They are not copies of anybody. In fact, the fundamental doctrine of the fancy-goods mills that are successful is to find out what your neighbor is making and then to make something different. You can not be successful by being an imitator. You have to originate.

Here is a pretty thing, I think. That is a nice fabric.

Here is another pattern of the same general type of goods. I know that you want to save time. I hope that you will not think that I am taking too much of your time, but I believe that for the committee to understand the things that I am going to talk about you must actually see these things.

Gentlemen, compare that [indicating] with print cloth. That is never competitive with print cloth. Print cloth is a necessity; this

is a luxury.

We have had to go into other things. We can not always depend

upon cotton to give us a variety.

Here is a piece of goods ornamented with silk and made in cotton mills. This piece of goods comes under the cotton tariff, cotton being the material of chief value. It is a very pretty fabric.

Here is one that, although it is made in a cotton mill—and I thought I would bring this along to show you—does not come under the cotton schedule, but does come under the silk schedule. Nevertheless it is a part of New England's plan to maintain her industry there.

Gentlemen, I said to you a few moments ago something about the provisions under this schedule. The Senator from Wisconsin was not here at that time. If you will permit me, I shall repeat what I said before he came in. I said that this schedule consisted of a varying specific and ad valorem duty on cloths, and that if a cloth sold at 48 cents, the duty would be 12 cents per pound, equal to 25 per cent; if it sold at 60 cents a pound, this duty would be a little over 14 per cent; and that at that time there was an ad valorem provision to prevent any cloth going below 15 per cent.

A standard cloth that comes under these specific clauses and is made in large quantities is a 39-inch cloth having 80 threads to the inch in the warp and 80 threads to the inch in the filling, 4 yards of which weigh a pound. I have here a sample to represent that cloth. It is not exactly the same thing, as I mislaid my sample, but it is very close to it in appearance. The price of that 80-square cloth has been as low as 48 cents a pound, and it is selling at about that price now. The duty, therefore, on this piece of quite easily made plain cloth is

equivalent to 25 per cent.

Senator McCumber. Ad valorem?

Mr. Lippitt. Equivalent to 25 per cent ad valorem. Let me say incidentally, that that price is below cost, and was at the time the goods were sold at that.

Senators, the conversion cost of that piece of cloth is about 45 per cent. By "conversion cost" I mean all the costs of manufacturing the cloth other than the cost of cotton. The cotton in that piece of

cloth costs about 55 per cent; the other costs are about 45 per cent. On it there is a duty varying with the conditions of the trade. It is a

proper variation and I am not criticizing it.

Here is another piece of goods made out of the same numbers of yarn as this piece of plain cloth. It is woven on a Jacquard loom with a drop box. The cotton in it cost about 25 per cent of the total cost, and the conversion cost was 75 per cent. It is a highly expensive fancy weave, and the total cost of it was about 125 cents per pound. But the duty on it is only 17 per cent. It represents the situation which applies to a very large proportion of the fancy goods that are made in the country, and it shows that on the goods of the highest conversion cost there is a very much less duty than on the goods of ordinary cost.

Here is a sample of identically the same piece of goods as this drapery fabric. It is dyed and finished in a slightly different way, and it is used for corset goods. It is Jacquard woven on the same looms, in the same mill, as the piece of drapery fabric. But because it is not used for drapery the duty on it is only 15 per cent. I say, my friends, that a bill that is written in this way is not scientific

legislation.

I submit these fabrics simply as illustrative of the effects of the partial application of correct principles. I could submit other

fabrics.

Senator SIMMONS. What is the effect? One has a specific duty and another has an ad valorem duty. How does it affect you, consid-

ering the American valuation plan?

Mr. Lippitt. There has been a great deal of discussion of the American valuation, Senator Simmons. I will tell you how I figure the American valuation. I think that on this cotton schedule the American valuation plan is equivalent to an increase in duty of 5 or 6 per cent.

Senator SMOOT. Not per cent of duty?

Mr. LIPPITT. On the cloth; that is, if the duty were 25 per cent, I think it would be increased to 30 or 31 per cent. I will tell you how I figure it. Let us suppose that we have a cloth that is worth 20 cents a yard in the United States and that is worth 16 cents a yard in

foreign countries and that there is a 25 per cent duty on it.

Twenty-five per cent of the American value of 20 cents a yard would be 5 cents; 25 per cent of the foreign value of 16 cents would be 4 cents. The difference between the two is 1 cent a yard. One cent is 5 per cent of the American value. Or if you figured it on the foreign value, it would be about 6½ per cent. In other words, as applied to cloth—I do not know about the other industries—I figure that a 25 per cent duty where there is 25 per cent variation between the American and the foreign value the effect of the American valuation can not amount to over 6½ per cent; and by that I mean that the 25 per cent duty would be increased to a 31 per cent duty.

Senator Walsh. In other words, the industry has the benefit of 6

per cent by reason of the American valuation?

Mr. LIPPITT. With the average duty in this bill; yes.

Senator Smoot. That is on low-priced goods.

Mr. LIPPITT. On any goods of 25 per cent variation in value. If you take a higher variation, you will find other variations in the duty.

Senator Smoot. Provided, of course, there is a 25 per cent difference between the foreign valuation and the American valuation?

Mr. LIPPITT. Yes. The duty under this bill is 25 per cent. It is really not that. It will average about 22 per cent, I think, the same as the Underwood bill.

Senator Simmons. Did I understand you to express the opinion that the difference between the American valuation and the foreign valuation is about 25 per cent?

Mr. Lippitt. It is represented by about 6 per cent, figured upon

the value of the cloth.

Senator Simmons. What I asked you was, Do you think that on the average the difference between the American price and the foreign price is 6 per cent or 25 per cent?

Mr. Lippitt. I would prefer not to discuss that question.

Senator Simmons. I thought you were trying to find another way to apply your calculation to this average basis of differential as between the American valuation and foreign valuation, and I understand you to say, probably incorrectly, that 25 per cent would about measure that difference.

Mr. Lippitt. I think that is perhaps a correct expression of it, but I will stand upon the analysis that I have given in my own words.

When the Senator from North Carolina asked that question I was discussing the cloths that come under these low duties as compared to the duty on this particular cloth that I have here. This is a highly figured, decorated, dyed, Jacquard woven, drop-box pattern. It carries only a 17 per cent duty in its present colored state, or a 15 per cent duty in its gray state, whereas this piece of common cloth [exhibiting] has at least that duty under any circumstances and sometimes up to 25 per cent.

Senator Smoot. That comes about by the difference in size? Mr. Lippitt. Yes. I am not saying these things are exact.

Senator Smoot. It could not happen in any other way.

Mr. Lippitr. No, sir; it could not happen in any other way. This is another fabric as to which the same situation exists.

Senator Dillingham. How does it compare with the other in

price?

Mr. LIPPITT. That piece of cloth costs \$1.23 per pound, and the other piece costs—well, it is sold in the market for 48 cents per pound. It costs about that.

Here [indicating] is another very highly decorated Jacquard

drop-box sample where exactly the same condition exists.

These [indicating] are dress goods. I want to go back for a moment to the dress goods. Let me say, in passing, that I have been taking samples of goods made out of No. 30 yarn. The same condition exists with respect to yarns up to 100—with these fancy woven artistically designed luxuries of the trade, these beautiful fabrics which are on the firing line of importation. That is where the competition really comes.

Senator Smoot. It can not be in any other way under the pro-

visions of the bill.

Mr. LIPPITT. It can if you put a proper ad valorem on it. The ad valorem is out of the way,

Senator Smoot. The ad valorem would affect the price—

Mr. Lippitt. The fact is the bill is lopsided. It is a very unscientific bill. I do not want to hurt anyone's feelings. Of course, I know that you do not want to destroy the cotton industry, for it is one of the greatest industries in the United States. Its fabrics are made out of American raw material. How absurd it would be for the United States to put herself in the position of sending her cotton to England to be returned manufactured into goods.

What do you suppose England would do in our position? How do you suppose England would protect her cotton industry if she thought it was imperiled? Let me read to you a clipping that I cut out of the New York Herald this morning, in order to show you the way England acts. It is a description of a bill passed by Jamaica putting a preferential duty on cotton goods to help England control

her market for them.

Now, what do you suppose that duty is? Do you think it is 20 or 25 per cent? Not at all. That preferential duty amounts to 50 per cent that Jamaica has given to England. And they call England free trade. There is no more free trade in this world to-day than there is left of last year's snow storms. Every one of England's Imperial colonies gives her a preferential duty. Canada gives her a preferential duty; New Zealand gives her a preferential duty; Australia gives her a preferential duty; and now comes Jamaica. And who is it that England fears? Why does she want a duty of 50 per cent on these cotton goods in her colonies?

Senator SIMMONS. I have been frightened all my life by the proclamation that you were thrown in competition with free-trade England.

Mr. Lippirr. I do not know whether the Senator from North Carolina is being sarcastic or not.

Senator Simmons. I understood you to say that Great Britain was

a highly protective country.

Senator SMOOT. Her trade is.

Mr. Lippitr. Well, Senator, I have not the time to go into that.

Senator Simmons. Go ahead; I was simply jesting.

Mr. Lippitt. England has advocated for years free trade. Richard Cobden established free trade in England. It cost millions of dollars to do it. You talk about propaganda in this country. There was never any such propaganda in any country as was carried on at that time in England. As Cobden said, he was speaking for England and Englishmen, and he believed that if he could get free trade for every country in the world England would be the industrial master of the world. But he failed in that. So what is England doing now to remedy the situation. They allow their colonies in every part of the world to establish preferential duties in their favor. If free trade is, as they say, the right economic principle, and the only economic principle, then their preferential duties are at least inconsistent.

principle, then their preferential duties are at least inconsistent.

And who do they fear? Whom did they fear when they put that 50 per cent duty on in Jamaica? Was it the United States? Was it Japan who is thousands of miles away? I do not think that it was

either. I think it was Germany.

A question was brought up here to-day about the cost of labor in Germany, or the cost of weavers in Germany. The cost of weavers

in Germany to-day is \$3 per week.

There is no question that Germany is going to make a great bid for the industrial markets of the world. She is going to make a bid

for our markets. Of all times in the history of the world, I say to you gentlemen that this is the time to be very careful about the tariff schedules on American made goods. Excuse my divergence.

Senator Walsh. Will you put that clipping in your remarks? Mr. Lippitt. Yes.

JAMAICAN TARIFF BILL AFFECTS UNITED STATES TRADE.

Kingston, Jamaica, Dec. 7.—Government to-day introduced a tariff bill in the legislative council under which preference of 5 per cent is given all British manufactured goods. British cotton piece goods will obtain a preference of 50 per cent and Canadian flour a preference of 25 cents a bag. These changes in the tariff, it is believed, will materially affect importations from the United States.

Now, I wish to again illustrate how inequitably duties are applied in certain cases of fancy woven goods under this bill. I have here three samples of cloth that are made out of practically the same yarns that are all Jacquard woven, but are used for different purposes. There are in the bill a few provisions for special duties on particular cloths. In a sort of haphazard way, the bill has picked out some fancy woven goods and given them special protection when they are designed for certain purposes, but cloths woven in exactly the same way, and in fact the very same cloths when designed for a different purpose do not get the benefit of these special provisions. The result is that we have widely varying duties on exactly the same piece of cloth.

The principle involved where this special protection is given is a correct principle. The cloths to which it is applied should have a higher duty because their manufacture involves a large conversion cost. But all of this is equally true of the same and similar goods when they are used for other purposes, and the principle involved in these special duties should be broadened so as to include all cloths

of similar construction.

For instance, there is a provision in the bill (par. 910) that puts a 28 per cent duty on cotton damask. There is another provision (par. 908) that puts a 30 per cent duty on upholstery and drapery fabrics. Now, here is a piece of damask, a cotton napkin. It may interest you gentlemen to note how near we have come in cottons to imitating the linen napkin. This is, I think, a rather nice product. It is, as you see, a Jacquard woven fabric, and the duty on it is 28 per cent. Here is substantially the same cloth made out of almost the same number of yarns, also Jacquard woven, mercerized and dyed with expensive colors, and made for drapery purposes. As a drapery fabric the duty is 30 per cent.

Senator McLean. What would be the difference in the cost?

Mr. Lippitt. There would be no difference except in the cost of dyeing. As these goods come from the mill they are exactly the same piece goods, taken off the same warp exactly. But the bill is so unscientifically constructed that it puts upon the same class of goods different rates merely because they may be used for different purposes.

Incidentally, there was some talk this morning about importations. Here is a piece of Japanese goods that was selling in Providence when I left. Here are some samples that one of our customers sent us. They represent an order which he placed abroad for goods which are to be delivered this spring. There is, as you see, a large variety.

and they will be in competition with goods in the United States on the 1st day of April.

Senator McLean. How do the prices compare?

Mr. Lippitr. I have not the slightest idea. They are prices at which he was willing to buy the goods. They are beautiful goods.

Senator McLean. Do you make shirtings?

Mr. Lappitt. Yes. We made shirtings in a large way at one time. We do it spasmodically, at times. I am not talking about my own plant particularly. I may say, if you will excuse my being somewhat egotistic, that I think no plant makes them any better.

There is another thing to which I want to call your attention. It is something that I wish to emphasize and get into the record, and I might as well do it now as later. I want to say that there is no industry in the United States that is so competitive as the cotton textile fabric industry. It is competition that, as I have said before, is not confined to neighboring mills, but is affected by the different sections of the country. There is no monopoly in the trade. No unit makes over 2 per cent of the product.

Senator Walsh. Much more than the woolen cloth?

Mr. Lippitt. Yes; much more competition.

Senator Smoot. How do you figure that there is only a 15 per cent

duty on that corset cloth?

Mr. Lippitt. Seventeen per cent, I should have said. It would be 15 per cent if it were gray. It comes under the regular cloths. It is jacquard. It is made of 30 yarn. It is 17 per cent, I think you will find.

Senator Smoot. They have an extra duty wherever it is made on the jacquard loom?

Mr. Lippitt. Oh, no.

Senator Smoot. It is only when extra threads are introduced?

Mr. Lippitt. No; it is only for damasks and upholsteries. Senator Smoot. I thought that applied also to the other.

Mr. LIPPITT. No, sir; only in the cases to which I have called your attention.

I think it would be interesting to you to refer to the Underwood bill. I want to refer to it for the purpose of showing the effect of certain Treasury decisions. In the Underwood bill there is a provision similar to this tapestry and upholstery provision assessing about 35 per cent on goods of that character. That is followed by a provision that says other Jacquard manufactures 30 per cent.

Senator Smoot. These other Jacquards and other woven upholstery

cloths are what I had in mind.

Mr. Lippitt. Yes; but that is in the Underwood bill, not the

Fordney bill.

I want to say this one thing that I started to say about the Treasury decisions. I say that in the Underwood bill there is a duty of 35 per cent upon upholstery cloths—Jacquards. That is followed by a paragraph which says "All other Jacquard manufactures, 30 per cent or 35 per cent." What does that mean—all other "Jacquard manufactures"? I think you and I would say that it means all other cloths that were Jacquard woven. The court decision was that that paragraph applied only to articles made out of Jacquard cloth and did not apply to Jacquard woven cloth at all, and it was

taken out of that classification and put in the same classification as ordinary, plain cloth, and it is paying that plain cloth duty to-day.

Senator Smoot. In paragraph 908 you made an amendment by inserting the words "woven cloth," so that it reads "tapestries and other Jacquard woven cloth."

Mr. Lippitt. Oh, no. Here is the provision that I want. Here is what I have been arguing about. We want a provision that will cover this highly ornamented, difficult, artistic products of the trade.

Senator Smoot. Will 30 per cent do it?

Mr. Lippitt. Here is the provision. Mr. Lowe, in his testimony, put it in the record. Without reading it, I will ask that this provision be also put in the record here. This provision covers the subject as a whole. It does not say that Jacquard woven goods or swivel-woven goods or drop box woven goods or some other kind, under certain circumstances, shall pay the duty. It says that all cotton cloths woven with eight or more harnesses, or with Jacquard motions or containing more than one color-or more than one number of yarn in the filling, or in which other than the ordinary warp and filling threads are used to form a figure or fancy effect, whether known as lappets or otherwise, 12 per centum ad valorem for cloths containing yarns the average number of which does not exceed number 30: exceeding number 30, 15 per centum ad valorem.

I would like to say in passing that if that amendment is adopted it does not mean that in other cases where special provisions have been made this should be in addition to those provisions, but that this should apply to the cloth that comes in under the regular schedule; and I think the other parts of the bill would have to be

adjusted a little bit to produce that effect.

SUGGESTED SUBSTITUTE FOR PARAGRAPH 905.

Par. 905. In addition to the duty or duties imposed upon cotton cloth by the various provisions of this section, there shall be paid the following cumulative duties, the intent of this paragraph being to add such duty or duties to those to which the cotton cloth would be liable if the provisions of this paragraph did not exist, namely. on all cotton cloths woven with eight or more harnesses, or with Jacquard motions, or containing more than one color or more than one number of yarn in the filling, or in which other than the ordinary warp and filling threads are used to form a figure or fancy effect, whether known as lappets or otherwise, 12 per centum ad valorem for cloths containing yarns the average number of which does not exceed number thirty; exceeding number thirty 15 per centum ad valorem.

Tire fabric or fabric for use in penumatic tires, including cord fabric, 25 per centum

ad valorem.

Senator Smoot. Don't you think that if this amendment were adopted, as you have it written, it would be possible to take the ordinary cotton cloth woven with 4 harnesses and multiply it and make it 12 harnesses?

Mr. LIPPITT. No.

Senator Smoot. He can do it.

Mr. LIPPITT. But he would have no proof that he had done it in the appearance of the cloth.

Senator Smoot. Not in the appearance of the cloth.

Mr. Lappitt. And he would not do it because the cost would be so much greater.

Senator Smoot. Not in the eight harnesses.

Mr. Lippitt. Well, I beg to differ from you, Senator.

Senator Smoot. It is a question of automatic operation of the

loom. It is for eight harnesses instead of for four.

Mr. Lippitt. Now, what would be the duty that we are asking for on this cloth? Take, as I said, that 30 yarn. The ordinary cloth has a duty of 25 per cent and the figured cloth a duty of 17 per cent. That would add 12 per cent to high-cost fancy cloths. The duty would be 29 per cent on this cloth.

Senator Smoot. I was going to suggest, in order to make it absolutely sure, and so that no advantage could be taken, that you could make it read, "On all cotton cloths, woven, requiring eight or more

harnesses."

Mr. Lippitt. I would like to have the experts pass upon that.

Senator Smoot. Then we would know about that piece of cloth or about any of them on the table. We would know that it would take more than four harnesses. We would know that some of them will not take eight harnesses. Therefore, they could require eight.

Mr. Lippitt. Possibly that language might meet the criticism of the courts, but, Senator, there have been so many of these Treasury decisions that have absolutely destroyed the intent of Congress that I think it is necessary to follow the precedent set down. The language of the amendment follows the precedent that has been used in several different tariff bills dating way back to Dingley's time. It has been passed on by the courts on a great number of occasions. I assure you that these clever tariff lawyers are very ingenious people. They study a word and its connection in a way that others do not seem to be able to do. They often are able to convince the courts and convert them to their views.

Now what are high duties in this bill—I do not seek to make invidious comparisons between the rates of duty that we are asking for and others that appear in the bill. But I do want to call your attention to some of the duties. I am not going to name the articles. Here are some of the rates. Here is one of 42 per cent, one of 55 per

cent, one of ----

Senator Walsh (interposing). These are the duties on different articles?

Mr. Lippitt. Yes; but not in the cotton schedule, not in the textile schedule, but in a variety of schedules. They run 40, 38, 42, 55. Those are some of them. I am only going to name one. There is a duty of 40 per cent on poker chips. I think the cotton textile industry as well worthy of a 40 per cent duty as poker chips are and as these other things are.

Senator LA FOLLETTE. You are not partial to the game?

Senator McCharles Not quite so many people buy poker chips as

Senator McCumber. Not quite so many people buy poker chips as

buy cotton goods.

Mr. Lippitt. They are not so necessary anyway. I want to say one thing more about this general schedule. In all tariff bills previous to the Underwood bill the duty on the great textiles, cotton, wool, and silk, has been substantially the same. There has been a duty of from 40 to 50 per cent on the average in these industries. It was about 50 per cent on wool after the duty on wool, the compensatory duty, had been subtracted. It was about 50 per cent on silk. It averaged about 40 to 50 per cent on cotton. For some reason that I do not know the Underwood bill made a great discrimination between

these three textiles. The Underwood bill gives 45 per cent on silk, 35 per cent on woolens, and an average duty of 22 per cent on cotton. I know of no good reason why Republicans in favor of protective tariff policies should discriminate as between these three great industries carried on side by side with similar machinery, the same kind of labor, in the same mill towns, and whose percentage of conversion cost is not materially different.

I say that this tariff, as written in the Underwood bill and here, is a great discrimination against the industry, a discrimination that the United States is not justified in maintaining. The United States is however, justified in maintaining this great industry that England

goes to great lengths to maintain.

What has been the effect of this low Underwood duty? The effect is that for years and years the average importations of cotton cloths and yarns were about \$10,000,000, not enough to materially injure the business, but enough to regulate it. Now, what happened under the Underwood bill? In the year 1920, instead of \$10,000,000 of importations, there were \$67,000,000 worth of yarns and cloths brought into this country at an average duty of 22 per cent. They were brought in at a time when every unusual circumstance of trade was in our favor; when there were high freights; when Europe was disorganized; when a great number of operatives had been killed in the war and many of her best men had been lost. Yet they sent over to this country \$67,000,000 worth of goods.

I tell you that this cotton schedule, as it is written, will not give over 22 per cent on the better class of cotton goods. You have a minimum of 10; you have a maximum of 33. Very few goods will be imported at either of those extremes. The average of these is 21½. It is under these ad valorems that the competition has come

from abroad.

I want to say one thing more. \$67,000,000. All of that was taken away from New England. It was not taken away from the South. They do not make these goods where the competition comes in. It all came out of New England. It would have been useful in New England if we could have had those \$67,000,000 to pay our wage bill with at that time.

Senator Walsh. When was that !

Mr. Lippitt. The fiscal year 1920. I understand that there is a political question involved. It is not my business nor my purpose to discuss politics, but the papers are full of it. They say that there is an agricultural bloc the members of which are disposed to criticize some of the manufacturing regions in this country.

I wonder if it ever occurred to you gentlemen to wonder what happens to \$67,000,000 that goes to England? I suppose that some of it may have gone to Canada, to Saskatchewan, for wheat. I suppose some of it may have gone to the Argentine for wheat and corn and beef. I suppose some of it may have stopped at India or Egypt for cotton, and perhaps on the way some of it stopped at Mesopotamia, which an English commission has reported to be the best place to start competition with American cotton and strongly advises the development of cotton growing there. I suppose some of it may have stopped at Spain for oranges, or in sunny Italy for citrus fruit, or olives, or in Holland for cheese, or in Den-

mark for butter, or it may have gone into Sweden for her fisheries. Or it may have stopped in England and built houses at a time when the housing problem was so difficult of solution, thus giving employment to English labor and the purchase of English materials.

What would have become of that \$67,000,000 if it had gone to New England? It would have gone across the coast to Oregon for lumber; it would have gone to Texas for her wool; it would have gone to the State of the Senator from Wisconsin for lumber and dairy products; it would have gone to the great West for all her wheat. Not one dollar would have been spent for Canadian, Australian, or Argentine products. It would have gone to the great building trade of New England; it would have gone to the farms of the United States for butter, for milk, for garden products.

Senator Walsh. And to the South for more cotton.

Mr. Lippitt. And practically every dollar of American investment in cotton goes to South Carolina and to Georgia and to the banks of the Mississippi. England uses nearly all the cotton products of India and of Egypt. We use a mere fraction of them. Where would be the logic of the gentlemen interested in the agricultural section of the country in sending this money abroad.

Senator McCumber. It is a consolation to note such accord be-

tween the Senator from Rhode Island and the Senator from Massa-

chusetts on the protective-tariff policy.

Mr. LIPPITT. Senator, let me say another thing to you. gentlemen who in the past have represented that great section of America from which you come have been in accord with me on this subject. If you will look back a few years, you will find that there was never a more eloquent and more successful advocate of this policy, for the same reasons that I am advocating it, than William McKinley, who won the Presidency for the reason that when protection was in disrepute at the time of the election of Mr. Cleveland, he stuck by the principle that was involved until it triumphed.

Senator McCumber. That is the reason I am so glad to see these

gentlemen standing side by side.
Senator Walsh. While protection is going on, we want a little bit of it.

Senator Watson. You don't want a little bit; you want a great deal of it.

Senator Simmons. Without meaning to interfere with your argument, I would suggest that that \$67,000,000 was probably spent by Great Britain in America in the purchase of the things that she buys from us. Great Britain buys from us about as much as we buy from her, and the probabilities are that she did not spend that all over the globe, as you said, but that she spent it right here in America.

Mr. LIPPITT. You did not notice any increase in American revenues because of that sixty-seven million, did you? These things she always bought from America because she had to. This is a gift of \$67,000,000 to merry England, who was more merry by reason of

receiving it.

Senator Simmons. She spends in America all the money that she receives for goods that she sells to America, and then she spends a great deal more.

Mr. Lippitt. I know well the dialectic skill of the gentleman with whom I am discussing this question. I thought, however, that I would put that view in the record.

Senator Simmons. I want to suggest that probably none of that

\$67,000,000 ever got out.

Mr. LIPPITT. Well, we will let it go at that.

Senator LA FOLLETTE. Mr. Lippitt, the importations of 1920 were

very exceptional?

Mr. Lippitt. Yes. It was exceptional for this reason, that the Underwood bill was in force. In the spring of 1914 the war came on and there were no importations of any kind. Then came the good business that followed the armistice, and then came the disorganizing of business everywhere all over the world. Therefore, the year of 1921 did not have as large imports, but it did have three times the imports of any year when the ordinary American tariff policy was in force.

Senator La Follette. Mr. McCoy has directed my attention to these imports. Of course the imports for the one year which you cited are the dutiable and free imports all taken together. I am speaking of the total imports.

Mr. LIPPITT. The imports I referred to were all dutiable.

Senator La Follette. Yes. Mr. McCoy tells me a great quantity of that was material which our Government returned to this country after the war. He tells me, moreover, that those countries that were in the war had accumulated for war purposes very large stocks of cotton, which they found——

Mr. Lippitt (interposing). My figures refer to cotton goods. Not

cotton.

Senator La Follette. Well, cotton goods. I should have said cotton goods for war purposes. They were overloaded with them. They needed money sorely and they sent the material into this country.

Mr. Lippitt. Dumped that in.

Senator La Follette. Well, they exported the material to this country and it was received.

Mr. LIPPITT. Different words but the same thing.

Senator La Follette. I am going to read right down to the time of the war; the imports from 1906 down vary very greatly.

Senator Simmons. My impression is that in 1907 the imports on

cotton were the highest except in 1920.

Senator La Follette. They were. I am giving them to you by years, starting with 1906.

Senator SIMMONS. That was under the Dingley law. Mr. Lippitt. Was not that under the Aldrich tariff?

Senator La Follette. No; I will give them to you by years, starting with 1906, and I will read just the millions:

1906	\$63, 000, 000	1911	\$66, 000, 000
1907	73, 000, 000	1912	65, 000, 000
1908	68, 000, 000	1913	66, 000, 000
1909	63, 000, 000	1914	70, 000, 000
1910	68, 000, 000		•

That is for only one-half of that year, and if that is the fiscal year—

Mr. McCoy. It is practically 11 months under the Underwood bill.

Senator La Follette (continuing):

1915			\$46, 000, 000
We now begin to	get the effects	of the war—	
1916	\$47, 000, 000	1919	\$52,000,000
1917	56, 000, 000	1920	137, 000, 000
H918	44 000 000		

The very large importation for 1920 over the preceding years neludes, of course, if it is measured in dollars, the excessively high var prices for manufactured goods at that time, and the Treasury xperts say that in many cases the prices were two and three times, and even seven times the ordinary value. That would be 67,000,000

nore, than you stated.

Mr. Lippitt. But that \$137,000,000 is the total importations of otton manufactures and lace, and every figure that the Senator has ead includes lace. We have always imported lace in every year, and he variation in those figures is the variation in the importation of ace, and the Senator will notice I said that there was an importation of cotton yarn and cotton cloth which amounted to \$67,000,000. That did not include lace, because every year we import lace, and all the variations in the figures are because of lace.

Senator LA FOLLETTE. The variations are not very considerable

antil you come down to 1920.

Mr. Lippitt. When you put the lace into my figures you get \$137,000,000 in 1920 under this bill.

Senator La Follette. I do not have it separated, and it was the total that Mr. McCoy called my attention to.

Mr. Lippitt. That is a very intricate thing, those figures.

Senator LA FOLLETTE. But I just wanted to have it appear in the second that there were very large importations in 1907.

Senator McLean. That is apparently more than 50 per cent. Mr. Lippitt. The laces have averaged some 40 and odd millions

dollars.

Senator McLean. Does that percentage of lace carry along to 1907? Mr. Lippitt. Yes. There was only one manufacturer in the United States at that time who made lace. In the Payne-Aldrich bill there was a provision that for two years lace machines could be imported free, and during that two years the lace industry in the United States received an enormous development; but prior to that time there had only been one, I think, not including Nottingham lace.

Senator Watson. How many factories now are manufacturing

that?

Mr. Lippitt. There are four at Providence, R. I., and several in Philadelphia. I could not tell exactly how many. That piece of egislation of Mr. Aldrich was the means of founding a useful industry.

Senator Simmons. With regard to those figures Senator La Follette 3ave, I would suggest that the figures given were due very largely 50 the fact that in 1911 and 1920 the winter and fall of 1919 and 1920 50 ton went to such enormous prices, 40 per cent in this country of the price of the goods, both foreign and domestic, by reason of the 3normous jump in the price of cotton, doubling almost the price of 5aw cotton, and the goods were much higher, and that had something 50 do, probably, with the large variation.

Mr. Lippitt. And I think it can also fairly be said it was due to what the Senator from Wisconsin has said, that there were a great many goods that England had to get rid of. She did not want to get rid of them in her own markets, so she sent them over to this country where she could sell them at any price without injuring anybody except the American trade. Every nation does that when they have an opportunity. She had that opportunity because of the low duty of 22 per cent on those goods.

Senator McLean. You may have that in the class of goods you are speaking about, and you may have it in a thousand and one kinds of metal products, where you come up against that same proposition.

and it means three times \$67,000,000.

Mr. LIPPITT. Now, Mr. Chairman, I want to go on, because I would like to stop pretty soon, and I expect you want me to. What I think should be done with this cotton schedule is to scrap this bill. All the statements that I have been making here were for the purpose of pointing to the inconsistencies in the bill, which does not protect fabrics proportionately, and to show you that by putting an equivalent protection on the higher branch of the manufacture that the simple branch had in the cotton schedule, makes the protection too low. It is lower than it has been at any time for 40 years. this committee should raise that rate and under this form of bill if they want to. Personally, I prefer the form that has been in use way back into the eighties and was adopted by the Democrats in the That is a tried form. This new form Cleveland Administration. seems involved to me, but perhaps it might work. The rates, however, are entirely out of proportion to any Republican rates that we They are out of proportion with the other textile products, and this bill ought to be rewritten so that, making proper allowances for the American valuation, whatever your experts say is a proper allowance on these things, there will be an average duty of 40 per cent.

Senator Walsh. Do I understand you to say that the fancy cotton goods manufacturing costs are better protected under the Underwood bill than under the Fordney bill as reported from the House?

Mr. Lippitt. I did not say that, Senator. I said they were about the same. I think in many cases there might be 2 or 3 per cent difference. I call it substantially the same. I think if the duties under this bill should be applied to the importations under the Underwood bill of 1920 that there would not be a great difference in the average rates.

Senator Walsh. You make the point that this bill seeks to increase the duties on articles over the duties provided in the Underwood

bill, except in this particular instance?

Mr. Lappitt. I would not put it quite that way. I claim that the Underwood bill cuts cotton manufactures down out of proportion to other textiles, and that they should now be returned to the same rate of protection with other textiles.

Senator Walsh. This bill does increase the rate?

Mr. Lippitt. Very little, if any.

Senator Walsh. Other than on fancy cotton goods?

Mr. Lippitt. I have not studied the bill as regards other schedules, and I do not know about that.

Senator SIMMONS. Mr. Lippitt, I want to call your attention to the facts with reference to exports during the years we have designated, starting with 1908. That was under the Dingley tariff, when it amounted to \$68,000,000.

Mr. Lippitt. What year was that?

Senator Simmons. 1908, covered by the Dingley bill. The imports were \$68,000,000 and the exports were only \$25,000,000.

Mr. LIPPITT. The imports were \$68,000,000?

Senator SIMMONS. Yes, sir. Mr. LIPPITT. Including lace?

Senator SIMMONS. That is the total.

Mr. LIPPITT. That includes lace, amounting to about forty-five millions.

Senator Simmons. Exports were only \$25,000,000. In 1908 the imports were \$68,000.000 and the exports \$25,000,000. In 1909 the imports were \$63,000,000 and the exports \$31,000,000. In 1910—that was after the Payne-Aldrich bill—the imports were \$68,000,000 and the imports \$33,000,000. In 1911 the imports were \$66,000,000 and the exports were \$40,000,000. In 1912 imports were \$65,000,000 and the exports were \$50,000,000.

In 1913—that was the same year that the Underwood bill was adopted—the imports were \$66,000,000 and the exports were \$53,000,000.

Senator McCumber. That was under the old bill.

Senator SIMMONS. In 1914 the imports were \$70,000,000 and the exports were \$51,000,000. In 1915 the imports were \$46,000,000 and the exports were \$71,000,000. In 1916 the imports were \$47,000,000 and the exports were \$112,000,000. In 1917 the imports were \$56,000,000 and the exports were \$136,000,000. In 1918 the imports were \$44,000,000 and the exports were \$169,000,000 In 1919 the imports were \$52,000,000 and the exports were \$273,000,000. And in the year you selected just now, 1920, the imports were \$137,000,000 and the exports were \$402,000,000.

Mr. LIPPITT. Exports on what? Senator Simmons. On cotton goods.

Mr. Lippitt. On cotton goods they were what? Senator Simmons. Manufactures, I mean, of cotton.

Mr. LIPPITT. What year was that?

Senator Simmons. 1920.

Mr. LIPPITT. That must have been Government work.

Senator SIMMONS. What is that?

Mr. Lippitt. Oh, yes; we did export.

Senator Simmons. We exported \$402,000,000.

Mr. LIPPITT. That is right.

Senator Simmons. We exported that amount as against \$137,-

000,000 of imports.

Senator La Follette. In 1920, when the imports reached \$137,000,000, only \$24,000,000 of that was for lace. I have those figures now.

In 1919 it was	\$13,000,000	In 1916 it was	\$20,000,000
In 1918 it was	9, 000, 000	In 1915 it was	19, 000, 000
In 1917 it was	12, 000, 000	In 1914 it was	26, 000, 000

Those are imports of lace, under the Underwood bill, and in 1913 it was \$34,000,000.

Senator Simmons. That was under the Payne-Aldrich bill?

Senator La Follette. In 1912 it was \$38,000,000.

Senator Simmons. In 1913 it was 10,000,000 more than under the Underwood bill.

Senator La Follette. In 1912 it was \$38,000,000.

Senator McCumber. Now, Mr. Lippitt, will you proceed? Mr. Lippitt. I think, Mr. Senator, that I have covered the subjects that I had in mind to speak of, except one. I just want to say a single word in regard to dyes, and in saying it I want to preface everything I say with the statement that I am thoroughly in favor of establishing an American dye industry. I have great confidence that in the end it will be worth all it cost. I am not in any way criticising the duty that has been put upon it. I do not now want to do it, and I would not do it anyway, because it is a matter between the committee and the representatives of that industry. I want to point out this, that Mr. Lowe suggested that there be a compensatory duty. There came into existence just shortly prior to the war a large volume of new dyes that the Senator from Utah has referred to as vat colors. which give an extraordinary fastness to colors.

Here is a piece of goods that was made out of one of them [indicating]. It is sun fast, and it will stand bleaching. That was made in the gray, and was bleached without starting the color in any way. and it is substantially sun fast. It is dyed with imported dyes.

Senator Smoot. Sulphur bleached?

Mr. Lippitt. No, a regular bleach, caustic bleach. That is a very fine fabric. I believe, Mr. Senator, that in the future the use of those colors is going to be very largely extended. I think that any industry. like the cotton industry, that serves its customers as it ought to serve them, has got to be in a position to furnish the community with the best article that can be made. I think that if we could use these sunfast colors in every gingham dress, and every drapery to be hung up in a window and exposed to the sun, that it would be worth all it would cost and more to the consumer under normal conditions. The price of these dyes now is very high. They are about five times what they were before the war.

Senator Simmons. Does that apply to the dyes made in this

country?

Mr. LIPPITT. Either imported or made in this country. Of course, you can only import these dyes now under very extreme conditions. There is practically an embargo under the emergency bill. You have got to get a license and go through all sorts of red tape and tell them what uses are going to be made of them six months ahead.

Senator McCumber. Is there any dye made in the United States

that will equal that?

Mr. LIPPITT. Not in that color. They are developing these dyes. but they have not yet reached the point where they are thoroughly developed. The purpose of this duty—it is a high duty—is so that they may reach a high degree of development. I am looking forward to the perfection of the cotton industry, and I believe it is quite likely England before long will be sending us sun-fast colors in quantities. Here are some advertisements I got out of several English papers, advertising the sun-fast colors, and giving the various colors. It shows how they are advertising [indicating].

Senator Walsh. Could sun-proof dye coloring be so defined that it

could be segregated from other dyes?

Mr. Lippitt. I think it would be difficult. Senator Smoot. I think it could be done.

Senator La Follette. Are there dyes which are now produced in this country which are fully sheltered behind the embargo, selling at about five times what they sold for in this country before the war?

Mr. Lippitt. All these vat colors are.

Senator Smoot. And so are the German ones.

Mr. Lippitt. But that is a temporary condition, Mr. Senator.

Senator LA FOLLETTE. That is a matter for argument. It may be and it may not be a temporary condition.

Mr. LIPPITT. I do not know that I want to prophesy, but I think

it is a temporary condition.

Senator McLean. I think in the hearing we had on the dye matter it was testified that prices had been reduced materially this last year Mr. Lippitt. They have been reduced very much.

Senator Smoot. Some of the dyes were sold for twenty times the

amount they were sold for previous to the war.

Mr. Lippitt. Oh, yes. Some dyes that we bought for 7 cents a pound went up to \$10 a pound. There was a famine during the war. But those were war conditions. What I am trying to bring out is this, that if you put these duties on these dyes and there is no compensation on the cloth made with those dyes I am afraid that the United States industry is going to be put in a position where it can not serve its customers as it ought to, where if we have to pay a duty of 7 cents a pound and 33 per cent ad valorem, or 30 per cent, or whatever it is, on the prewar prices of dyestuffs, it would amount to 60 per cent or more, possibly 65 per cent. If we have to pay 65 per cent on these dyes and the dyes can be imported in the cloth, how is the United States going to be in a position to compete unless there is some provision to cover the cloth?

Senator McCumber. Can you give us some idea of what per cent this would constitute of the entire cost of the article, or the selling

price?

Mr. Lippitt. It varies so——

Senator McCumber. I know it varies a great deal, but we could understand it if you could give the variations and give some idea along that line.

Mr. LIPPITT. It varies, Mr. Senator, from almost nothing —— Senator McCumber. I am speaking only of these higher-priced

dves.

Mr. Lippitt. Let me find a piece of goods here and I will show you. Take that piece of goods [indicating]. Those are sun-fast, bleached fast colors, but there is very little in that. It is very expensive to put in, but there is very little. This piece, however, is 50 per cent colored. When it comes to a piece of fabric like that (indicating) the cost of the dye is such a small proportion that I do not think it makes any difference; but when it comes to a fabric like this one and like all the ginghams, it is very different. I am looking forward to the day when every gingham will be sun fast. That is the kind of goods we ought to give our people.

Senator LA FOLLETTE. And not take the color off when a lady

takes the garment off?

Mr. LIPPITT. We are not making that kind of goods, Mr. Senator. The ginghams made to-day are not fugitive colors. We are able to get colors that will stand a great deal of sunshine, but they are not absolutely fast. I do not wish to be put in the light of saying that the American industry is not efficient. We are here to say that this industry is as efficient as any other industry in the country. In some way you gentlemen have got to find a means of putting some kind of compensation upon cloths that come in with sun-fast, bleached-fast colors.

Senator SIMMONS. Is it true as of the other dyes, that the German dyes are now selling at about five times what they were before the war?

Mr. LIPPITT. Yes. Of course it is very difficult to import German

dyes.

Senator SMOOT. There is no danger of England making the same arrangement that we have about these dyes?

Mr. Lippitt. I think there is great danger about England.

Senator Smoot. I say, at the present time.

Mr. Lippitt. At this moment.

Senator Smoot. That is what I say.

Senator Walsh. There is evidence that the embargo was lifted and they put the embargo on Great Britain.

Mr. Lippitt. I did not know that.

Senator Simmons. I was trying to find out whether the English

dyes were any higher than the American dyes, or as high.

Mr. Lippitt. I do not know. You know, Mr. Senator, what occurred in England in connection with this. Of course the total consumption in the United States has been very small of all these dyes. The total use of dyestuffs in the United States before the war would not exceed about fifteen million. I have always understood that the output of Germany at that time was about ninety millions on these high-priced dyes. She had the whole world for a market; she had England and the United States and Japan. When the war came on England, on account of explosives, had to establish that industry. She subsidized it and paid bounties to the industry.

Senator Simmons. It is a new industry there just as it is here!

Mr. LIPPITT. Exactly.

Senator Simmons. And the assumption is that if this garment here was made in England from dyestuffs made in England, it would cost about as much as the dyestuff in this garment made in this country!

Mr. Lippitt. I could not answer that.

Senator Simmons. I say, that is the assumption?

Mr. LIPPITT. I do not know.

Senator Simmons. When that article comes over here in competition with your article, because of the valuation, the appraisement at which they pay duty on it, it will have an added value for that dye, will it not?

Mr. Lippitt. It will have the added value of those dyes, and if the duty is ad valorem there will be a larger cents per yard attached to

that fabric on account of the dye.

Senator SIMMONS. How much additional duty because of the dye in the English article?

Mr. Lippitt. Why put the duty as 60 per cent on dye stuffs; why do the Republican Senators put it on? Because they do not believe America is going to be able to produce it at a price that is the same as the other countries, nothing else would justify a duty of 50 to 60 per cent. Therefore, if they are correct, manifestly England is going to produce these dyes at a very much less price than we do. I want to tell you that if England can get these things in without much profit she is going to do it. It is a very valuable market.

Senator McLean. Is the dye in this cloth made in England, or

did they get if from Germany?

Mr. LIPPITT. It is imported dye, and I presume it comes from

either Switzerland or Germany.

Senator Simmons. You have said that the dyestuff people are asking for this high rate of protection in order that they might establish their industry, claiming that once their industry was firmly established they would be able to compete with any country in the manufacture of dyestuffs; but I am assuming right now, at the present time, that the dyestuff industry is in about the same condition in Great Britain as it is here, and you have already said that the German dyes that are coming in here are sold about as high now, in comparison with the prices before the war, as our own dyestuffs are sold in comparison with the prices we had to pay for dyestuffs.

Mr. Lippitt. I know they do not allow them to come in unless they do so. This is not just a tariff, it is an emergency bill, it is an embargo. If I want to import that dye I have got to get a license.

Senator Simmons. We all understand that. There is no need to explain that. But when they do get the license and it come in, it has got to pay whatever duty the law imposes?

Mr. Lippitt. They will not let me import unless I am able to swear

Mr. Lippitt. They will not let me import unless I am able to swear that I can not buy in this country a dyestuff at the same price that I can import it from Germany, of the same quality.

Senator Smoot. Not only that, they officially decide that them-

selves.

Senator Simmons. If dyestuffs are anything like as high in Great Britain this country could compete with her in these cotton goods. Mr. Lippitt. And Germany and Switzerland and France?

Senator SIMMONS. It has already been testified to that we are getting very little cotton yet from Germany but that we are getting a large amount of it from Great Britain now. Great Britain is your competitor, and she sends this article over here dyed. That dye increases the worth of that product, the value of it, and the ad valorem duty would apply to it. Therefore you are going to get greater protection by reason of the fact that it is colored, by reason of the fact that there is dye in the material.

Senator Smoot. There is more danger from Germany than from

England.

Senator Simmons. And therefore I can not see the point in asking for a compensatory duty on account of the cost of the dyestuffs that you have to put into the fabric.

Mr. Lippitt. You do not believe, Mr. Senator, that putting 60 percent duty on does not increase the price of the domestic article?

Senator Simmons. I believe you would increase your price as the result of the duty; yes. I have no doubt in the world about that.

Mr. Lippitt. How can you say you think the price to me of the

American dye without duty will be the same?

Senator Simmons. You misunderstood me altogether. What I am saying is that the article which competes with yours will cost more; will have a larger price value by reason of the cost of the dyestuff that is in it.

Mr. Lippitt. Yes, it will.

Senator Simmons. And that will increase the protective rate which you get upon the like dye product.

Mr. LIPPITT. I think if the Senator will analyze that out he will

find that it will not increase it in any proportion to the cost.

Senator Simmons. Possibly that may be so.

Senator Smoot. There is another question: As long as we are going to give 60 per cent on dyes imported, if we only give 22 per cent on cloth, the cloth is liable to come instead of the dye?

Mr. Lippitt. That is it exactly, and the great injury will be that the cloth will not come in merely because of a lower price, but a

better cloth will come.

Senator McCumber. I asked you a short time ago to give us figures to show how much it would add to the cost per yard, or any way that you can figure it out, because if we are to allow a higher duty because of a higher priced dye, we ought to know what the percentage is, or we ought to have something we can go on to determine what effect the dye has in the raising of the price. You have some fabrics there which are completely dyed with different colors. Could you not give us some idea of the proportion of the dye cost as to the entire cost of the production of that material, to the cotton goods?

Mr. LIPPITT. I understand what you mean, Senator. I do not know at the moment, but I think it is my duty to find something on

that and submit it to you.

Senator Simmons. That is the very point I was trying to draw your

attention to awhile ago.

Senator McCumber. I do not know whether the dye in the piece amounts to only 1 mill or 10 cents, or what it is, and I would like to

know, if I am going to pass judgment on it.

Mr. LIPPITT. I agree with what the Senator has said. I will only say that this is a new thought. You know, when you come to study one of these bills and consider it from various lines you do not do it until it is passed, and it is very complicated thing. We will try to work out something that I think will be protective. I would like to consult with the dye people.

If you put a duty on sun-fast goods, has the customhouse got to test every piece that is dyed and pass upon it, or is there some chemical way of testing? Perhaps there is, but I do not know. I will undertake to submit something for you after I consult with the dye people.

Senator McCumber. On the dyes I have assumed that the cost was such a mere bagatelle to the producing cost of the product that it could hardly be taken into consideration at all in the fixing of tariff rates, and if I am mistaken I would like to be shown that.

Mr. LIPPITT. It is in that piece of goods [indicating] and also in that piece of goods. It is almost controlling in this piece of goods

that the Englishman is advertising for sale [indicating].

Senator Smoot. Not as to the price?

Mr. Lippitt. I say in the case of the sun-fast dye, with such an enormous amount of coloring matter as there is in this, that it is the

controlling feature.

Now, the problem is how to get a duty that will cover that. not need it on a piece like that [indicating] or like that; but we do need it on every piece of gingham, I think. All the gingham mills of the country will need it inside of five or six years. I think that is all I have to say.

Senator Walsh. Are there any sun-fast dyes made by the American

dye industry?

Mr. Lippitt. Oh, yes; here is one [indicating]. Senator Walsh. To what extent has the American dye industry made progress in the manufacture of satisfactory dyes?

Mr. Lippitt. I think they have made great progress, Senator.

Senator Walsh. But there are certain dyes that it is absolutely necessary to go to foreign markets to get?

Mr. LIPPITT. That is true.

Senator McCumber. You would still be in favor of encouraging them until they could perfect the sun-fast dyes, would you not?

Mr. Lippitt. If they do it within a reasonable time, yes.

Senator Walsh. With compensatory duties?

Mr. Lippitt. Yes. Mr. Lowe asked me to say just one thing about the amount of thread put in goods. You know, the way the tariff is levied is by assuming that the length of thread in a piece of goods is the same as the width or length of the cloth. And in all goods there is a certain take-up, but it varies greatly, and the result of that is that when the customhouse figures the yarn in a piece of goods and says it is No. 30 yarn, it was probably No. 33, when woven, so there is 10 per cent less duty than there should be. It has been suggested that instead of using 840 yards, which is the basis of every number, that 750 yards be used. This would just about compensate, so that the tariff would be levied on the actual number that went to make up the goods instead of the figured number that is used in the customhouse now.

Senator Smoot. The average is 10 per cent on the filling as well

as the warp?

Mr. Lippitt. Yes.

Senator Smoot. Is that the average? There would be more in

the filling than in the warp.

Mr. Lippitt. In some it would be a little less and in some it would be a little more. Here are two or three samples of fancy weave goods that show great extremes. Here is a seersucker, where the yarn is two-ply forties, but would be assessed as two-ply twenty-

Here is a very beautiful piece of goods, where everything is put The zigzag thread is taken only as if it were the length of the goods. The result is that whereas it is two-ply forties it

is taken as two-ply twenty-sevens.

Here is a very interesting piece of goods, where the thread is seven times the actual length of the distance it takes up in the goods. You can not cover all of those things in your tariff, but I only want you to see to what an extent it goes, and I think it shows that there should be a scientific way of assessing that duty.

Let me show you that little thread that goes zigzag across that piece of goods, so that there are seven times as many yards of that thread as there are yards of the cloth on which it is imposed. That is a very interesting weave, a Russian cord, the only way known of producing a full colored cord on a piece of white goods. That is a very expensive thing, putting that little cord in there, and it adds a great many cents to the value of those goods.

Senator McCumber. We are very much obliged to you.

Mr. Lippitt. Thank you very much, Senator.

Senator McCumber. We will now call Mr. Charles D. Owen.

STATEMENT OF CHARLES D. OWEN, JR., REPRESENTING THE BEACON MANUFACTURING CO., OF PROVIDENCE, R. I.

Senator McCumber. Please state your name and whom you represent.

Mr. Owen. My name is Charles D. Owen, jr., and I represent the Beacon Manufacturing Co., of New Bedford, Mass., as well as other manufacturers of Jacquard blanket cloths.

Senator Walsh. Where are they located?

Mr. Owen. There is one in Rhode Island, one in Spray, N. C., one in Taunton, Mass., and one in Lewiston, Me. I want to call attention to what seems to be an omission from the present bill as passed by the House. In paragraph 911 Jacquard blanket goods are excepted, as well as terry-woven and pile fabrics, the evident intention being to provide for these goods elsewhere. For instance, in 901 terry-woven and pile fabrics are provided for, but our goods are not again mentioned in the bill, the result being that while our blankets would come under 920-

Senator Smoot. Yes; that is right. That gives 28 per cent.

Mr. Owen. That I am not objecting to, but when we come to piece goods we make the request. I show you here a blanket that is used for a garment; it is woven similar to upholstery fabric. This blanket is used for bath robes; and here is a piece of goods in the gray. and here is the same goods finished, that are woven for that same purpose. They come in on the basis of 14 per cent under section 903, as we see it. That covers piece goods.

Senator Smoot. Yes; that is so.

Mr. Owen. What we want to ask you to do is to put them in with

upholstery fabrics, or provide for them in some other way.

Senator Smoot. You could not put them in with upholstery fabrics, because if you did they would not come under that description.

I do not know how you would put that.

Mr. Owen. Could you not specify them as Jacquard blanket goods woven with more than one colored filling? Our reason for asking this is that in the last five or six years, since the war started, the cutting trade has almost entirely made these garments to be used for bath robes and negligee purposes with piece goods, and while you gave our plain blankets 20 per cent, woven on four looms to a weaver, these are two looms to a weaver, four by four box, all Jacquard motions, and they are reduced to 14 per cent.

Senator Smoot. In other words, you want that to be 30 per cent! Mr. Owen. We would like to have it equalized with the blankets

in any manner you think best to arrange that.

Senator Walsh. Have you prepared a memorandum as to that?

Mr. Owen. Yes, sir; we have prepared a memorandum.

Senator Smoot. If you want 30 per cent that can be easily arranged by putting after the word "cloths" in line 14 of paragraph 908 on page 108, the words "upholstery cloth, Jacquard figured blankets, and blanket cloth made with more than one colored filling

Senator Walsh. Will you please hand you memorandum to the reporter to be inserted in the record?

Mr. Owen. Yes, sir.

(The memorandum above referred to is copied in the record as follows:)

We ask to have corrected an apparent omission from the tariff bill as passed by the House. Jacquard figured blankets as well as terry-woven and pile fabrics are definitely excluded from paragraph 911, the evident intention being to provide for these goods elsewhere. This has been done in the case of terry-wovens and pile fabrics in paragraph 909, but Jacquard figured blankets and blanket goods are not again mentioned in the bill.

As Jacquard figured blankets and blanket goods are nearest to upholstery fabrics in construction and production cost. we suggest that they be provided for under

paragraph 908. making this paragraph read as follows:

Paragraph 908. Tapestries and other Jacquard woven upholstery cloths, Jacquard figured blankets, and blanket goods made with more than one colored filling thread, in the piece or otherwise, composed wholly or in chief value of cotton or other vegetable fiber, 30 per cent ad valorem.

Senator Smoot. As I said, on page 108 of line 14, after the word "cloths" put "Jacquard figured blankets, and blanket cloth."

Mr. Owen. Yes, sir; "in the piece or otherwise." That would cover it.

Senator Smoot. So that paragraph 908 as you stated would read:

Tapestries and other Jacquard-woven upholstery cloths, Jacquard figured blankets and blanket cloths, in the piece or otherwise, etc.

Mr. Owen. Yes, sir. That will come in after the words "upholstery cloths"?

Senator Smoot. Yes, sir.

Mr. Owen. That is what we suggest, but one of your experts suggested that we ought to specify "with more than one color of filling" in order to prevent other goods being included.

Senator Smoot. That would be safer.

Mr. OWEN. He has added after the words "blanket goods," stated in our memorandum, the words "made with more than one colored filling thread." He has added those words to make them specify these goods more particularly. That would cover drop box work. The warp thread is in all cases one color, and the filling is usually three and sometimes four.

Senator Smoot. Was that all you wanted to say?

Mr. Owen. Yes, sir.

Senator McCumber. We are very much obliged to you.

Mr. Owen. I am very much obliged to you, sir.

Senator Calder. There are two gentlemen present, Mr. Joseph W. Stein, chairman of the tariff committee of the cotton and linen handkerchief manufacturers, who desires to have his brief put in the record without any further statement.

Senator McCumber. That will be printed in the record.

(The statement above referred to is here printed in the record, as follows:)

PETITION OF THE AMERICAN MANUFACTURERS OF COTTON AND LINEN HANDKER-CHIEFS.

COMMITTEE ON FINANCE,

United States Senate, Washington, D. C.

Gentlemen: The undersigned American manufacturers of cotton and linen hand-kerchiefs respectfully request that certain amendments be made in the new tarifact as it passed the House (Fordney bill, H. R. 7456). We are interested in paragraph 917, covering cotton handkerchiefs, paragraph 1015, covering linen handkerchiefs, and paragraph 1430, which covers embroidered, initialed, tamboured. hemstitched, appliquéd or scalloped handkerchiefs.

With respect to the last paragraph (1430), we request that hemstitched, drawnwork, enbroidered or otherwise ornamented handerkchiefs, otherwise provided for in that paragraph, be provided for, if made of cotton, in paragraph 917, covering cotton handkerchiefs, and if made of linen, in paragraph 1015, covering linen handkerchiefs, and that these ornamented handkerchiefs be omitted from paragraph 1430, which will still

cover a great variety of articles.

I. COTTON HANDKERCHIEFS.

Paragraph 917 of the Fordney bill (H. R. 7456) is as follows:

PAR. 917. Handkerchiefs and mufflers, composed wholly or in chief value of cotton, finished or unfinished, not hemmed, shall pay duty as cloth; hemmed or hemstitched shall pay, in addition thereto, 10 per centum ad valorem: *Provided*, That none of the foregoing, when containing yarns the average number of which does not exceed number 40, shall pay less than 25 per centum ad valorem; nor when exceeding number 40, less than 30 per centum ad valorem."

We ask that the above paragraph be stricken out and that in place thereof there be incorporated in the new tariff bill a new paragraph somewhat similar to that contained in the Payne-Aldrich Act of 1909 (par. 322), with appropriate changes in rate to meet present conditions. We request that you adopt as the paragraph covering

cotton handkerchiefs, the following:

"Handkerchiefs or mufflers composed of cotton cloth, in the piece or otherwise finished or unfinished, not hemmed, shall pay the same rate and amount of duty on the cotton cloth of which they are composed as is imposed by this act on cotton cloth of the same kind and description. If such handkerchiefs are hemmed only, they shall pay 9 per centum ad valorem in addition thereto; Provided, that such handkerchiefs and mufflers shall not pay a less rate of duty than 30 per centum ad valorem Handkerchiefs and mufflers composed of cotton cloth in the piece or otherwise, finished or unfinished, hem-stitched or imitation hemstitched, or revered, or having drawn threads, shall pay a duty of 37½ per centum ad valorem. Cotton handkerchiefs and mufflers composed of cotton cloth in the piece or otherwise, finished or unfinished if embroidered in any manner with an initial, letter, monogram, or otherwise, by hand or machinery, or if tamboured or appliquéd or scalloped, or if trimmed wholly or partly with lace or with tucking or insertion, shall pay a duty of 42½ per centum ad valorem."

II. LINEN HANDKERCHIEFS.

Paragraph 1015 of the Fordney bill (II, R. 7456) is as follows:

"PAR. 1015. Handkerchiefs composed wholly or in chief value of vegetable fiber other than cotton, finished or unfinished, not hemmed, 33½ per centum ad valorem: hemmed or hemseitched, 36 per centum ad valorem."

We ask that this be stricken out a d that there be substituted in place thereof the

following

"Handkerchiefs composed wholly or in chief value of flax, hemp, or ramie, or vegetable fiber other than cotton, whether in the piece of otherwise, finished or unfinished not hemmed, shall pay the same rate and amount of duty on the cloth contained therein, as is imposed by this act on cloth of the same kind and description. If such handkerchiefs are hemmed they shall pay 9 per centum ad valorem in addition thereto: Provided, That such handkerchiefs shall not pay a less rate of duty than 30 per centum ad valorem. Handkerchiefs composed wholly or in chief value of vegetable fiber other than cotton, in the piece or otherwise, finished or unfinished, hemstitched or imitation hemstitched, or revered, or having drawn threads, shall pay a duty of 37½ per centum ad valorem. Handkerchiefs composed wholly or in chief value of vegetable fiber other than cotton, in the piece or otherwise, finished or unfin-

ished, if embroidered in any manner with an initial, letter, monogram, or otherwise, by hand or machinery, or if tamboured or appliqued or scalloped, or if trimmed wholly or partly with lace or with tucking or insertion, shall pay a duty of 421 per centum ad valorem."

III. COMPARISON OF FOREIGN AND DOMESTIC COST OF MANUFACTURE.

At this time it is hardly necessary for us to go into the intricate details of the method of manufacturing handkerchiefs, as it was fully discussed, explained, and covered by statistical data in support of the American manufacturers' contention for protective duty at a hearing before the Committee on Ways and Means of the Sixty-second

Congress, third session, 1913.

Handkerchiefs are made of various fabrics, but those to which we wish to direct your attention to are of cotton and of flax, or other vegetable fiber, and we shall endeavor to show that the rates in our proposed paragraph are essential to enable the American manufacturer to successfully compete with the foreign manufacturer and pay such wages as will enable the American workman to continue in this industry and maintain a decent standard of living. In the American handkerchief trade there is actual, open competition and monopoly is impossible. Cloth is easily obtained as are also the sewing machines and anyone owning a single machine can become a handkerchief manufacturer. We are classed as a highly competitive industry. The American handkerchief industry employs many thousands of people at good wages. It also uses cotton cloth made out of American-grown cotton. Our cotton handkerchief industry therefore contributes directly to the benefit of the textile and yarn industry as well as other allied industries. The industry here represented employs approximately 10,000 laborers, involving a yearly wage expense of from \$7,500,000 to \$10,000,000.

Our petition for an increase of rates over those provided by the act of 1913, and in some instances slightly above those contained in the act of 1909, is based upon the difference in the cost of producing the same articles in American factories. hereto several examples showing the rate paid for hemstitching, finishing, thread, ribbon and boxing, and it becomes very apparent that without any factory overhead whatever, the American manufacturer pays his workers fully 25 per cent more than is paid to the British workman, who is our greatest competitor. If we add our factory overhead you will readily see that our production cost is double the production cost of goods manufactured in Great Britain. In these cost-of-production statements the British price is computed at an exchange rate of \$4 to the pound, for the reason that this exemplifies existing conditions. At the same time we have also extended the figures on the basis of exhange at the rate of \$4.8665 to the pound sterling. British contractors will do work at the figures we have set forth in our table for anyone furnishing the cloth for the purpose. Of course the price which the contractor charges includes his entire factory cost, his overhead, and also a profit.

You can therefore readily see what a great advantage the British manufacturer has

over the American manufacturer, and we can confidently assert that if it had not been for the European war, which took so many workers away from their usual vocations and naturally made labor in this line very scarce, this country would have been flooded with European handkerchiefs, and the majority of our factories would have been

compelled to close, thus destroying an industry giving thousands employment.
We desire to call your special attention to a few exhibits which we are submitting to substantiate our claim for additional duties. Exhibit A is a woman's colored woven border handkerchief which can be bought in the Belfast market at 2s. 2d. At the present rate of duty and figuring the pound at \$4, the importer can land this article at 581 cents per dozen net. We are also submitting our cost sheet, which will show you that a similar article made of the same material and in the same way by an American manufacturer cost \$0.8128 per dozen net. In order to give us such protection as will enable us to compete with this British made handkerchief, we are certainly

entitled to a duty of 37½ per cent, which is what we ask as per annexed schedule.

Exhibit B is a man's handkerchief made of cotton and can be bought in Belfast at 4s. 4d. This the importer can land at \$1.17 per dozen under the same condition as above. Our cost of a similar article made of cloth of American manufacture is 1.5193

Just as an example of the great disadvantage under which we are laboring can be clearly shown in the item of hemstitching. In Belfast the worker is paid for stitching a 12-inch handkerchief with 15 stitches, 30 pence for 12 dozen, or 2½ pence per dozen. Granting that this factory overhead is the same as ours (but we are sure it is not), his cost per dozen for hemstitching is 5 pence, or 0.0840 cent, whereas our cost, plus overhead, is 0.1496 cent.

¹ Rates in above proposed paragraphs are American valuation.

Another example is shown in hemstitched handkerchiefs of 18 inches and 16 stitches for which they pay 45d, for 12 dozen, or 33 pence per dozen. With factory overhead this is 73 pence, or 0.1232 cent. Our cost plus factory overhead is 0.2186 cent. And so it goes through every operation of labor, until, in the final analysis, we find that we are paying nearly 100 per cent more for our labor than do our British competitors. They also have a great advantage in the purchase of cloth. The cloth shown in Exhibit B cost in Manchester 3 shillings per dozen, or 60 cents, whereas our cloth cost us \$1.55 per dozen. The same labor costs apply to linen handkerchiefs, and we therefore respectfully ask that the same duty be assessed on hemstitched handkerchiefs made of flax, etc—that is, 374 per cent ad valorem.

handkerchiefs made of flax, etc—that is. 371 per cent ad valorem.

An industry which has great possibilities if properly protected, is the manufacture of embroidered handkerchiefs. Our greatest competitors are in Switzerland. Again, a similar condition exists as to labor. The prevailing stitch rate per 1.000 stitches made on the hand machine averages about 80 centimes, or about 16 cents. We must pay for similar work 30 cents. Their cost of finishing, stitching, and boxing is also below our rates, and this puts us at a great disadvantage in trying to successfully compete with their products. The Treasury Department issues weekly a schedule of landing cost for Swiss-made goods and for that reason we are not bothering you with as many details, as we are sure your experts are thoroughly in touch with this situation

In 1913 when the revision of our tariff was downward, the question of embroidered handkerchiefs was thoroughly and most diligently examined and the conclusion was definitely arrived at that the then existing rate of 60 per cent should be retained. We felt at that time that the rate should be 75 per cent and we again respectfully petition that the rate be affixed at 75 per cent on the foreign valuation or 42½ per cent American valuation, in order that this industry be given a fair chance to compete with the Swiss manufacturers. Moreover embroidered handkerchiefs are a luxury and we are firmly of the opinion that any article of luxury should be sufficiently taxed to make it a revenue producer.

Under the heading of "Linen handkerchiefs" we would respectfully call your attention to the fact that linen cloth out of which handkerchiefs are made, is not made in this country. We buy this cloth in Ireland, ship it in the bleached state to the United States, where we cut it up, hemstitch or otherwise treat it to make it into handkerchiefs, and box it. We ask you to give due consideration to the duty on handkerchief cloth of linen. The rates in the tariff acts of 1909 and 1913 are nearly identical, and we ask you to continue same, as it will enable us to produce linen handkerchiefs in this country and give the consumer the best possible value at reasonable prices, but this can only be done if we receive the proper protection on the finished linen handkerchiefs.

Respectfully submitted.

Herrman, Aukam & Co., Joseph W. Stein, vice president; the Acheson Harden Co., James Harden, president; Alexander & Stein (Inc.), Charles E. Stein, president; I. C. Herman & Co., Long Handkerchiei Co. (Inc.), Bernhard Long, president; H. Rosenthal & Co. (Inc.): Newark Embroidery Works, H. Borneman, vice president; Phillips, Weil & Norton, A. M. Phillips; Schmidt Fitz-Gibbon Co., J. Schmidt, E. Heller & Bros. (Inc.), Maurice Sagui, president; The International Handkerchief Manufacturing Co., Charles Tyroler, treasurer; Duke, Macmahon & Co., Passaic, N. J.; Joseph W. Stein, chairman tarificommittee, New York, N. Y.

Comparative costs of manufacture of cotton and linen handkerchiefs.

	Paid to American operators.	American manufac- turer's overhead.	American material, excluding cloth.	Per cent of American cost over Belfast cost.
10 dozen ladies' longfold, 14 stitches: Hemstitch operator	Cents. 0.0690	Cents. 0.0690	Cents.	
Finishing operatorThread	. 0130	. 0130	0,0090	
Common ribbon No. 15 box			. 0006 . 0060	
Total	. 0820	. 0820	. 0156 . 0820 . 0820	
Total American operating cost			. 1796	

Comparative costs of manufacture of cotton and linen handkerchi fs-Continued.

	Paid to American operators.	American manufac- turer's overhead.	American material, excluding cloth.	Per cent o American cost over Belfast cost.
Rolfset #53e &d. at \$4 per nound sterling.	Cents.	Cents.	Cents. 0,0896	100
Belfast, £5 3s. 8d., at \$4 per pound sterling Belfast, £5 3s. 8d., at \$4.8665 per pound sterling			. 1090	73
6 dozen ladies' 8 by 8, 14 stitches: Hemstitch operator Finishing operator Thread.				
Silk ribbon	'		. 0097 . 0107	ļ }
No. 15 box	i———			
Total	. 0951	. 0951	. 0294 . 0951 . 0951	
Total American operating cost	 		. 2196	
Belfast, 74d., at \$4 per pound sterling Belfast, 74d., at \$4.8665 per pound sterling			. 1209 . 1470	81. 49.
				<u> </u>
5 dozen ladies' cords, 8 by 8, 16 stitches: Hemstitch operator Finishing operator Thread.	. 0748 . 0269	. 0748 . 0269	.0090	
Silk ribbon	1		. 0097	
No. 15 box			.0107	j
Total	. 1017	. 1017	.0294 .1017 .1017	
Total American operating cost			. 2328	1
Belfast, 84d., at \$4 per porind sterling. Belfast, 84d., at \$4.8665 per pound sterling.			. 1375 . 1673	69. 39.
10.1				
10 dozen men's longfold, 14 stitches: Hemstitch operator. Finishing operator. Thread.	. 1093 . 0150	. 1093 . 0150		
Common riobon			.0008	1
No. 15 box			. 0094	
Total	. 1243	. 1243	. 0242 . 1243 . 1243	
Total American operating cost	İ		. 2728	
Total American operating cost. Belfast, £7 5s. 8d., at \$4 per pound sterling. Belfast, £7 5s. 8d., at \$4.8665 per pound sterling.			. 1271 . 1546	114. 76.
			. 1340	10.
5 dozen men's 10 by 10, 14 stitches: Hemstitch operator.	. 1093	. 1093 . 0289		1
Thread.			. 0140	1
No. 15 box			. 0125	
Total.	. 1382	. 1382	. 0306	
			. 1382 . 1382	
Total American operating cost			. 3070	116.
Belfast, £8 1s. 2d, at $\$4$ per pound sterling. Belfast, £8 1s. 2d, at $\$4$. 8665 per pound sterling		<u> </u>	.1724	78.
5 dozen men's cords, 10 by 10, 16 stitches: Hemstitch operator. Finishing operator	. 1093	. 1093		
Thread			. 0140	l .
Ribbon. No. 15 box			.0109	
Total	. 1385	. 1385	. 0374	
		!	. 1385	
Total American operating cost. Belfast, £10 7s. 8d., at \$4 per pound sterling. Belfast, £10 7s. 8d., at \$4.8665 per pound sterling.	 		. 3144 . 1813 . 2205	73. 42.

Selling cost of colored cords, Dec. 5, 1921.

Items.	Cost.	Department.	Piece price.	Factory over- head, ×per cent.	Cost.
30+11: Cloth Thread Ribbon and tickets Box, 6 by 11 (1). Box tops. Case. Labor cost.	\$1.0055 .0120 .0025 .0217 .0165 .008 .4242 1.4904 .0289	Cutting. Hemstitching, \$0.095+15 per cent. Dampening. Machine ironing. Folding. Pre-sing. Ribboning. Boxing.	. 0103 . 0109 . 0027 . 0054 . 0049	200	
	1, 5193	Selling overhead	. 0347	140	. 3030
32 gray: Cloth Thread Ribbon and tickets. Box (5) Case. Labor cost.	. 4652 . 008 . 0073 . 0081 . 008 . 3002	Cutting. Hem-stitching, \$0.065+15 per cent. Dampening. Machine ironing. Folding.	. 0087 . 0076		.01
2 per cent Sec	. 7968 . 016	Pressing. Ribboning. Boxing.	. 0038 . 0036 . 0033	200	
	i	Selling overhead		140	. 2144

Senator Smoot. To what paragraph does that refer?

Senator Calder. To paragraphs 917, 1015, and 1430. The other gentleman is Mr. George E. Lackey, chairman of the tariff committee of the Lace Curtain Manufacturers' Association of America, whose address is No. 30 East Twentieth Street, New York That refers to tariff paragraph 919. He desires to have that City. printed in the record.

Senator McCumber. That will be done.

(The paper above referred to is here printed in full in the record as follows:)

[By George E. Lackey, care of International Lace Co., 30 East Twentieth Street, New York, N. Y., chairman tariff committee.]

PETITION OF THE LACE CURTAIN MANUFACTURERS' ASSOCIATION OF AMERICA IN THE MATTER OF THE REVISION OF THE TARIFF (PAR. 919, H. R. 7456).

COMMITTEE ON FINANCE, United States Senate, Washington, D. C.

GENTLEMEN: The undersigned, members of the tariff committee, representing the Lace Curtain Manufacturers' Association of the United States, respectfully call the attention of the Committee on Finance to the tariff provision contained in paragraph

919, H. R. 7456, which is as follows:
"Par. 919. Lace window curtains, nets, nettings, pillow shams, and bed sets. finished or unfinished, made on the Nottingham lace curtain machine, and composed of cotton or other vegetable fiber, when counting five points or spaces between the warp threads to the inch, 1½ cents per square yard; when counting more than five such points or spaces to the inch, three-fourths of 1 cent per square yard in addition for each point in excess of five; and in addition thereto, on all the foregoing articles in

this paragraph, 17 per centum ad valorem: Provided, That none of the foregoing shall pay a less rate of duty than 40 per centum ad valorem."

The Lace Curtain Manufacturers request that this paragraph be amended to read

as follows:

Lace window curtains, nets, nettings, pillow shams, bed sets, and all other articles and fabrics, by whatever name known, plain or jacquard figured, finished or unfinished, wholly or partly manufactured, for every use whatsoever, made on the Nottingham lace curtain machine and composed of cotton or other vegetable fiber, when counting five points or spaces between the warp threads to the inch, 2 cents per square yard; when counting more than five points or spaces to the inch, 1 cent per square yard in addition for each point in excess of five; and in addition thereto, on all the foregoing articles in this paragraph, 20 per centum ad valorem: Provided, That none of the foregoing shall pay a less rate of duty than 40 per centum ad valorem, nor a greater rate of duty than 45 per centum ad valorem.

Note.—Italicized words indicate language amending House bill. Ad valorem

rates in the above proposed paragraph are American valuation.

I. CHANGE IN PHRASEOLOGY.

It will be noted that the above proposed paragraph amends the paragraph appearing in the House bill by changing the phrases which describe the merchandise and by increasing the rates. The proposed addition of the words "and all other articles and fabrics by whatever name known, plain of jacquard figured" is necessary in our opinion in order that all articles and fabrics made wholly on the Nottingham lace curtain machine may be brought into this paragraph, even though they do not fall within the designation of "nets. nettings, pillow shams, and bed sets." as set forth in the House bill. It is also desirable that both plain and jacquard figured articles made on the Nottingham lace curtain machine should be covered by this provision. Following the words finished or unfinished in the House bill, we have suggested the addition of the words "wholly or partly manufactured." In the lace trade a finished article is one which has been bleached, starched, sized or stretched, while an unfinished article is one which has not been bleached, starched, sized or stretched. It has seemed necessary, therefore, to add the words "wholly or partly manufactured" in order that partly made up articles may be included within the tariff provision without reference to whether the material they are made of be finished or unfinished material in the sense in which these words are used in the lace trade. We also request that the words "for every use whatsoever" be incorporated in this paragraph.

We consider this proposed amendment to be of the utmost importance in order that

it may prevent articles made on the Nottingham lace machines from being assessed under other provisions of the tariff where articles made on the Nottingham lace curtain machine may be referred to by a description of their use. The United States Supreme Court has held that a tariff provision which describes an article by reference to its use prevails over every other description of the article in the tariff act, and this principle of statutory construction was applied to the provision for nets and nettings in the act of 1913 with the result that the court decision removed from the eo nomine provision for nets and nettings in paragraph 358, all Jacquard figured nets and nettings and laces used for hangings, curtains, etc., in the interior decoration of a room and classified such nets, nettings, and laces under paragraph 258 of the act of 1913, which provided for "Jacquard figured upholstery goods." The term "upholstery goods" is descriptive of use and therefore paragraph 258 was held to be more specific than paragraph 358 and all Jacquard nets and nettings provided for by name in paragraph 358 were removed from that paragraph under which they were dutiable at 60 per cent. and placed under paragraph 358 where they were dutiable at 35 per cent, with great loss to the revenue, and to the great damage of the American lace industry. To avoid having any article made on the Nottingham lace curtain machine so removed from paragraph 919 of the new law, we respectfully urge that this provision "for every use whatsoever" be incorporated in the new act, and this request is supported by the recommendation of the Government experts contained in the "Summary of Tariff Information (Green volume, pp. 411 and 412, second column, under the heading "Interpretation and comments"). The recommendations of the experts are set forth in the appendix

(Appendix I). The Secretary of the Treasury in a letter addressed to the Ways and Means ('ommittee has also recommended the adoption of language such as we have incorporated in our proposed paragraph (letter of the Secretary of the Treasury of Aug. 6, 1921.

Appendix II). It will be noted that in drafting paragraph 1430, page 162, lines 23 and 23 of the House bill, the House made provision for the lace articles named in that paragraph by adding the words "to whatever use applied." The same provision should appear in paragraph 919, and we are informed that paragraph 919 would have been so amended by the Ways and Means Committee had the omission been discovered in time to permit of an amendment. We are also informed that the Committee on Ways and Means will recommend to the Committee on Finance that an amendment referring to the use of the articles enumerated in paragraph 919 be adopted by the Senate.

II. PROPOSED AMENDMENT AS TO RATES.

Paragraph 919 of the House bill increases the specific rates of the compound duty provision of the Payne-Aldrich Act. After the Payne-Aldrich Act had been enacted a new Nottingham lace curtain machine fabric, known as "filet net" supplanted the classes of goods previously manufactured on both foreign and domestic machines. The filet net is much more valuable than the ordinary Nottingham net to which the Payne-Aldrich bill had application at the time of its enactment. The specific duty rates which we propose for the present product of the Nottingham lace curtain machine, are the equivalent of the specific duty rates provided for in the Payne-Aldrich Act for the kinds of laces and nets made on the Nottingham lace curtain machine prior to 1913.

The rate of 17 per cent ad valorem in that compound duty provision of the House bill should be increased to 20 per cent ad valorem. If the compound duties are increased as we propose, they will be in accord with the 40 per cent ad valorem minimum rate provided in paragraph 919 of the House bill. The compound duties which we propose will not result in the collection of duties in excess of the minimum of 40 per cent ad valorem. Moreover, it will be noted that our proposed paragraph carries a maximum ad valorem duty provision under which duties can not, under any circumstances, exceed 45 per cent ad valorem. This maximum duty provision is a guaranty against the collection of unreasonable amounts of duty under the compound duty provisions.

At the present time a large portion of the product of the Nottingham lace-curtain machine consists of lace as fine in quality as that made on the lever or go-through machine, and no distinction in the matter of duty should be made between Nottingham laces, nets, and nettings and other articles and laces produced on other lace machine and provided for in paragraph 1430.

The Government experts who prepared the Summary of Tariff Information made a suggestion based on facts well known to them and to the lace trade. Speaking of Nottingham nets and laces they said.

Nottingham nets and laces, they said:

"These articles might be classified like other lace articles (par. 358) with which they are comparable in material, construction, and value." (Summary Tariff Information, p. 301, col. 2.)

Paragraph 1430, which covers laces and nets not made on the Nottingham lace-curtain machine, provides a rate of 45 per cent ad valorem for the "other lace articles" mentioned in the above-quoted statement. Our proposed compound duty rates which must be not less than 40 per cent ad valorem and can not exceed 45 per cent ad valorem are not only reasonable but in line with the recommendation of the administrative officers who have a broad knowledge of these articles, both imported and domestic.

III. DOMESTIC PLANTS, INVESTMENT, AND EMPLOYEES.

The invested capital in American plants is approximately \$17,000,000. In 1912 the value of the domestic production was about \$15,128,000. The exports are less than one-half of 1 per cent of the production. Exports are principally to Canada. In 1919 the machines were 65 per cent employed. The following is a list of the cities where plants are located, with the number of machines in each city:

Mach	ines.	Machines.
Philadelphia, Pa	220	Patchogue, N. Y
Wilkes-Barre, Pa	92	Kingston, N. Y 11
Scranton, Pa	30	Zion City, Ill
Chester, Pa	17	•
		Total
Gouverneur, N. Y	18	

IV. FOREIGN CENTERS OF MANUFACTURE AND NUMBER OF FOREIGN MACHINES.

There are 110 plants abroad with a total of 1,711 machines as against 470 in the United States. England has 36 per cent of all machinery; Central Powers, 24 per went; and the United States, 21 per cent.

V. THE MEANING OF THE TERM "POINT."

"Point" is the trade term for the number of warp threads to the inch. These threads are mechanically provided for. Machines of a point that are idle can not therefore help out machines of another point that are oversold. Within every plant, therefore, there are as many plants as there are points of machine. Each point must be separately provided for in pattern, yarns, labor, and sales. Domestic machines classify as follows:

5 and 6 point, 101 machinesper cent 7 and 8 point, 153 machinesdo	32. 55	54 04
9 and 10 point, 115 machinesdodo	24. 47 12. 98)4. U4
13 and 14 point, 29 machines	6. 17 2. 34	
10 min 10 point, 11 minimistration	4	45. 9 6

Respectfully submitted.

fully submitted.

John E. Bromley, Bromley Manufacturing Co., Philadelphia, Pa.; Charles A. Turner, Chester Lace Mills, Chester, Pa.; George E. Lackey, International Lace Co., Gouverneur, N. Y.; Henry S. Bromley, North American Lace Co., Philadelphia, Pa.; I. Soloman, Patchogue-Plymouth Mills, Patchogue, N. Y.; Joseph H. Bromley, Quaker Lace Co., Philadelphia, Pa.; Paul B. Belin, Scranton Lace Co., Scranton, Pa.; E. F. Stiner, United States Lace Curtain Mills, Kingston, N. Y.; F. Gilbert Hinsdale, Wilkes-Barre Lace Manufacturing Co., Wilkes-Barre, Pa.; A. A. Stocks, Wyoming Valley Lace Mills, Wilkes-Barre, Pa tariff committee Pa., tariff committee.

APPENDIX I.

Jacquard figured upholstery goods: Paragraph 258 has been construed to include all the interior textile decorations and fittings of apartments (3 Ct. Cust. Appls., 115, of 1912; 6 Ct. Cust. Appls., 477, of 1916; 8 Ct. Cust. Appls. 422, of 1918). The rule of chief use has been given precedence of eo nomine designation, and nettings and laces used in the manufacture of curtains have been classified as Jacquard figured upholstery goods, although provided for by name in paragraph 358 (6 Ct. Cust. Appls., 253, of 1915; 7 Ct. Cust. Appls., 312, of 1916, 388, of 1917; 8 Ct. Cust. Appls. 422, of 1918). So also have scalloped madras muslin curtains in the piece and otherwise and materials and have scanning in matrix mushin curtains in the piece and otherwise and inaterials therefor (8 Ct. Cust. Appls., 351, of 1918). As a result a much lower rate of duty (35 per cent) is assessed on figured goods than on plain goods (60 per cent).

The words "by whatever name known," in the third clause of this paragraph, do not modify the word "laces" in the first (7 Ct. Cust. Appls., 312, of 1916). * * * *

This paragraph might be changed to read: Laces, lace articles and all articles or fabrics made wholly or in part of lace or of imitation lace of any kind; embroideries, and all articles or fabrics embroidered, tamboured, appliquéd, or scalloped in any part however small; articles or fabrics from which threads have been omitted, drawn, punched or cut, and with threads introduced after weaving to finish or ornament the openwork, not including straight hemstitching; edgings, insertings, galloons, nets, nettings, veils, veilings, neck rufflings, ruchings, tuckings, flouncings, flutings, ornaments, trimmings; coach, carriage, and automobile laces; braids loom woven and ornamented in the process of weaving, or made by hand, or on any braid machine, knitting machine, or lace machine, except braids enumerated in paragraph (335) of this act; all the foregiong by whatever name known and to whatever use applied, and whether or not named or described elsewhere in this section, when composed wholly or in chief value of yarns, threads, or filaments, or of tinsel wire, lame, lahn, bullions, metal thread, spangles or beads; and articles made in whole or in part of any of the foregoing fabrics or articles.

APPENDIX II.

TREASURY DEPARTMENT. Washington, August 6, 1920.

CHAIRMAN OF THE COMMITTEE ON WAYS AND MEANS,

House of Representatives.

Sir: The department refers to your letters of May 3 and 6, 1920, requesting suggestions and recommendations relative to H. R. 13294, a bill proposing to amend paragraph 358 of the tariff act of 1913, so as to include therein nets and nettings by

60713-21-PT 38-5

whatever name known and for every use whatsoever. You also request information relative to the amount of refunds made under certain court decisions on nets and

nettings involving the question of Jacquard figured upholstery goods.

The bill in question is doubtless occasioned by decisions of the United States Court of Customs Appeals, T. D. 35475 and 37667, holding that Jacquard figured nets and nettings for curtains and other upholstery purposes are dutiable at 35 per cent ad valorem as "Jacquard figured upholstery goods," under paragraph 258 rather than at 60 per cent as nets and nettings, under paragraph 358. The term "upholstery goods was held in the last-mentioned decision to include all the interior textile decorations and fittings of apartments.

The amendment consists in omitting from the body of the paragraph the words "nets and nettings!" and adding the last sentence as follows: "Nets and nettings in the piece or otherwise wholly or partly manufactured and of whatever materials composed, and whether plain or figured in any manner, and by whatever name known and for every use whatsoever, all of the foregoing, 60 per cent ad valorem." It is apparently intended to cover nets and nettings of the character above mentioned.

No reason is seen for assessing this class of goods with duty at only 35 per cent ad valorem, while other nets and nettings not Jacquard figured or not suitable for use for decorations or fittings of apartments are provided for at 60 per cent under paragraph 358. It is therefore recommended that the bill be enacted into law.

Your attention is, however, called to the fact that the language of the bill is so broad that, unless specific exception is made, it would probably include nets and nettings of human hair (par. 351) and leno woven cotton nets and nettings (par. 252).

With respect to the refunds made by reason of the decisions cited in your letter, you are advised that refunds to the amount of about \$100 were made under 6 Ct. Cust. Appls., 253, T. D. 35475, and 8 Ct. Cust. Appls., 432, T. D. 37667, the two cases among those mentioned by you which involved refunds. Following the ruling cited, however, there were cases of sustained protests on upholstery goods covering approximately 1,880 entries, on which the refunds amount to \$150,000. This amount, however, includes laces as well as nets and nettings, it being found impracticable to separate them.

Respectfully,

B. F. Houston, Secretary.

Senator McCumber. The next witness will be Mr. Ward Thoron. State your name and address.

STATEMENT OF MR. WARD THORON, TREASURER OF THE MERRIMAC MANUFACTURING CO., OF LOWELL, MASS., AND HUNTSVILLE, ALA.

Mr. Thoron. My name is Ward Thoron. My address is 53 State Street, Boston, Mass.

Senator McCumber. What paragraph do you wish to speak about!

Mr. Thoron. Paragraph 909, pile fabrics.

Senator Walsh. Your company owns industries in both Massachusetts and Alabama?

Mr. Thoron. Yes, sir.

Senator Walsh. Do you make the same kind of goods in both

Mr. Thoron. No; they are entirely different. Mr. Chairman, under the Dingley and Payne-Aldrich bills there was a compound duty on pile fabrics with a minimum duty of 47½ per cent. The paragraph was exactly the same from 1898 to 1913. There was no change in its wording in these two bills. The Underwood bill reduced the duty to 40 per cent ad valorem. Under the earlier bills the duties actually collected varied from 72 per cent to about 52 per cent. The new tariff, or the Fordney bill, proposes to give pile fabrics a protection of 33½ ad valorem on American valuations, which is assumed to be the equivalent of 50 per cent on the foreign

valuation. While this will be a substantial increase over the Underwood provision, it actually is quite a little less than the average that

was collected under the two earlier Republican bills.

We all know that a tariff is always largely an experimental matter Figures are often very misleading. The general impression in our industry is that the provision made for us is sufficient, except in the instance of the finer velveteens which we have recently undertaken to make (that is since the war began), and which may be designated as twill back velveteens, in order to distinguish them from plain back velveteens. They have in excess of 300 picks to an inch, while the plain backs have from 200 to 300 picks; the twill backs will run from 300 to 500 and more.

Senator Smoot. You want 10 per cent extra?

Mr. Thoron. Yes; we want 10 per cent extra for the twill backs. I do not know whether the committee will care to examine samples of the different kinds of pile fabrics. Included in this general designation of "pile fabrics," are, first of all, plushes. This is a piece of finished plush; and here I have samples taken at various stages of manufacture of the same piece of plush; it will interest the committee to know that plush goes through 61 operations in the course of finishing it after it is woven; 4 in the cutting stage, 18 in the dressing stage, 7 in the dyeing stage, 26 in the finishing stage, and 6 in the packing.

Here is a sample of the cloth before it is cut. It is woven double; afterwards a knife cuts it apart, which gives it the pile which shows in this second sample. This shows the cloth after it is cut; and this shows it after it is bleached. The fourth sample shows it after it is dyed, and in the fifth it is finished. Plush is one kind of pile fabric.

Senator Smoot. Have you a sample of a piece having more than

300 filling threads?

Mr. Thoron. Yes.

Senator Smoot. I just want to look at it; that is all.

(The witness thereupon handed to Senator Smoot the desired

sample.)

Mr. Thoron. The next pile fabric is what is called corduroy. This is a piece of corduroy finished. [Exhibiting sample to the committee.] Corduroy requires 102 processes, excluding the weaving; 6 in the cloth room after it is woven; 10 in the napping stage; 2 in the cutting stage. It is cut by machinery, so that this stage is rather simple. After cutting, there are 23 operations in the dressing stage; 33 in the dyeing stage; 23 in the finishing stage; and 5 in the packing room, making a total of 103.

These samples show it in various stages of manufacture. This [referring to sample] shows the cloth as woven, and this after napping;

both before cutting.

Senator LA FOLLETTE. How is that cutting done?

Mr. Thoron. The cloth is placed in a machine, which pays it out to fine iron needles which pick up the races and hold them in place for disk knives to cut them as the cloth is fed to the knives. In corduroy, the races are sufficiently far apart to permit doing this on a machine.

These other samples show the corduroy in different stages; when it is brushed, singed, dyed, brushed after dyeing, and finally when it is finished. About those two kinds of pile fabrics there is no particular question. We mention them to show what is included in this paragraph.

The next thing I have here is a plain back velveteen. piece of plain back velveteen finished. It goes through 456 operations, including weaving as one. The cloth-room operations are 5,

knapping operations 376, of which 370 are in cutting.

It will interest the committee, if they are not already familiar with the process, to see what happens. Here [exhibiting sample] is a piece of velveteen cloth uncut. There [indicating] are the races cut, and they are cut by inserting this knife in here and cutting each race in The knife is held in the hand by an operator and the cloth is put in a machine which rolls it toward the operator, and when the race has been cut the whole length of the piece, the operator withdraws the knife and inserts it in the next race, and so it goes on until all the races are cut.

In this particular velveteen, which is only a 22-inch cloth, there are

370 different insertions of that knife required to do it.

The dressing operations amount to about 20, the dyeing operations to 21; the finishing operations to 17, and the packing operations to 6, making in all 455 after weaving.

Senator Smoot. Referring to this one little piece of goods, there are no importations of this kind of material into the United States,

are there?

Mr. Thoron. Oh, yes. Fine velveteens have been heretofore largely imported.

Senator Smoot. Mighty few of them have ever come here.

do you get the stock for this?

Mr. THORON. That filling, I think, is a 60/2 ply. It is made out of We make it ourselves; we do the whole thing. 1\frac{3}{2}-inch cotton.

Senator Smoot. Is it made of Egyptian cotton?

Mr. Thoron. No; Egyptian cotton is too slippery; it will not do. Senator Smoot. It is a wonderful thread, and it is likewise a wonderful piece of goods.

Mr. Thoron. We have made velveteens even finer than that. Senator Calder. Is it made exclusively of American cotton? Mr. Thoron. It is entirely of American cotton.

Senator Smoot. You say there are pieces like this imported?

Mr. Thoron. Oh, yes.
Senator Smoot. Where do they come from?

Mr. Thoron. England. I have some English samples here, if the committee cares to look at them. I did not want to bother the committee.

Senator Smoot. I wish you would cut me off a piece of that. I

would like the sample; I would like to count it.

Mr. Thoron. I will leave the whole piece with you. There is very little of it.

Senator Walsh. Will you please describe this piece of cloth indi-

cating].

Mr. Thoron. That particular cloth is a 36-inch twill-back velvet-It requires 1,577 operations to finish it after it is woven, of

which 1,438 consist in cutting the races.

The Merrimack Manufacturing Co. have only made this cloth. We have never imported any, and we know very little about the foreign market. One of our competitors, who makes plain back velveteens in large quantities is also an importer of twill-back velveteens; he has imported these better velveteens in the picker stage—that is, after it has been cut and singed and finished—converting them at his factory in this country.

There is another manufacturer in New York who has undertaken to make these high-grade velveteens since the outbreak of the war.

Senator Smoot. What do you get a yard wholesale for that cloth? Mr. Thoron. I think the present price of that to us is about \$1.65.

Senator Walsh. That is the manufacturer's price?

Mr. Thoron. That is the manufacturer's price to the jobber. Senator Smoot. The retail price would be about \$7. [Laughter.]

Mr. Thoron. What the retailer does, I do not know.

Senator Smoot. You go down and see. It would be not a cent less than that.

Mr. Thoron. My competitor, who is also an importer, and, as I said, has finished twill backs from imported cloth, tells me, from the figures he gets from Europe—which he does not give me—it is a very peculiar thing about New England manufacturers, they do not confide in each other at all—that he thinks there is danger in regard to these high-grade velveteens, and that he fears the protection suggested in the Fordney bill will be insufficient to make it possible for us to continue their manufacture.

Senator Smoot. So far as I am concerned, if you think the American manufacturer can make that cloth I am willing to give him protection.

Mr. Thoron. If the committee does not care to have any further

Senator Smoot (interposing). The committee may; I am speaking

only for myself.

Mr. Thoron. The facts are that it was not made in this country before the war, and this is the way we came to make it: A large jobbing house, that had been an importer of foreign velveteens in these high grades, finding it very difficult to get any from Europe, asked us if we would not experiment and make some; and we started making those velveteens. Last year while the total volume in yards of velveteens which we sold was no greater than it was in 1914, half of it was of this finer grade, and obviously we had dropped in our sales of the more common grades 50 per cent.

This year, of course, there has been no business in velveteens. I do not think any velveteens have been imported to speak of. The customhouse would know better than I do. But I can not imagine how any importer would venture to buy foreign velveteens this year when the country is oversupplied with them, and none of the local

mills were able to sell any to speak of.

There was a great demand for velveteens in 1920. Then you could not satisfy the jobbers. Everybody wanted all you could make. The public ceased buying, however, and when 1921 came the jobbers were stocked with probably a year's supply. We infer this from the quantities of velveteens paid for and stored with us. This year we have not sold any to speak of.

Senator Warson. How much does that sell for a yard?

Mr. Thoron. I have an idea that the present price is something like \$1.65 from us to the jobber. What the jobber is selling it for

is another matter. I am inclined to think he is probably asking \$1.60 in an effort to clean up his stock; he is not buying any, however. We have not sold any. We simply have a price. Until the jobbers get rid of their stock it is useless either to take away his market or to get him to take any more.

On the other hand, it has been a very expensive thing training the people to make these cloths. It is a very hazardous business, because of the number of mistakes that are made. The ease with which mistakes are made makes for a larger proportion of the cloth not salable at a price which returns the cost.

Senator Watson. Do you use American or foreign dyes in these goods?

Mr. Thoron. I think in those blacks the dyes would be American. Senator Warson. The velveteens?

Mr. Thoron. Yes. When you get to certain shades of other colors to get the proper combination, you sometimes have to have a foreign dye, because we do not use the color that we buy from the dye people as it comes to us. We mix it in with other colors, and while two dye men may offer you two colors that look exactly alike, they will not behave exactly alike in combination with other colors, and consequently they are not an equivalent for each other. But we have found the American dyes we use—and I should think 90 per cent of the dyes we use are of American origin—do pretty well after you learn the trick of using them. It may be a little expensive sometimes to find out what they will do.

Senator Watson. And you regard them as fast now, do you?

Senator Warson. And you regard them as fast now, do you?

Mr. Thoron. That is another question. It depends on the use to which you are going to put them.

Senator Watson. You testified on the dye question?

Mr. Thoron. Yes, sir; I did.

Senator Warson. As I recall it, you did, and I was asking that

question to find that out.

Mr. Thoron. Now, gentlemen, that is what we ask for. I do not know whether you care to listen to any lengthy statement as to how we get at the 10 per cent. I will tell you perfectly frankly we do not know ourselves. We hope 10 per cent will be effective. We have no basis for saying 10 or 12 or 5 will do it, but we are willing to try. Of course, being piece dyers, we may suffer from the increased cost of dyes, but we do not agree with the general tendency of opinion that the cost which has to be equalized by a tariff is simply the cost of wages or cost of labor. There are at least six other factors, that are quite as prominent, including the higher cost of machinery, the higher cost of capiatl, the different labor hours, the restlessness of labor. The restlessness of labor is a very expensive thing; each new gang you get in has to be trained; American labor is much more restless than European labor. There are a half dozen things at least that go to make that up—the differences in cost. Exactly how much each contributes nobody can tell. You can not sit down and figure Usually it is said that relative wholesale prices represented a pretty good basis to go by. Probably in normal times they do. But present times are not normal, and I would not give two cents for a comparison between the European wholesale prices and the American wholesale prices at the present time as a basis for such a purpose.

Our general feeling is that we have managed to survive under the two earlier tariffs of 1898 and 1910, whatever the dates were, and even though the cost of a good many things is higher, like in the case of dyes, etc., we consider the protection we will get will cover this, and we are willing to take our chances. We know that the country is apt to howl if duties get too high, though they do not seem to appreciate the fact that during those two earlier tariffs the industries of the country were never more prosperous and the labor of the country never lived on a higher plane of well being than they did then, and that on the whole the country really benefitted by it. If a few people did make some money, it was a very small amount when distributed among the whole number of people who bought things; the country has actually profited to a larger degree.

I have a printed brief here. I can not say very much for it from a statistical standpoint, but it is the best we could do; it represents our views on the subject. I beg permission to file it as a part of my

remarks.

Senator McCumber (presiding.). That will be printed as a part of your remarks.

(The brief referred to and submitted by Mr. Thoron, is here printed

in full, as follows:)

BRIEF SUBMITTED BY MR. THORON ON THE TARIFF BILL-IN RE PARAGRAPH 909, "PILE FABRICS COMPOSED WHOLLY OR IN CHIEF VALUE OF COTTON, ETC."

September 14, 1921.

Hon. Boies Penrose, Chairman.

DEAR SIR: The Merrimack Manufacturing Co., a manufacturer, converter, and finisher of cotton pile fabrics, respectfully submits the following suggestions relating to the protection proposed to be given to this class of textiles in paragraph 909 of H. R. 7456.

1. Under the Dingley and Payne-Aldrich bills—that is, from 1897 to 1913—the duty was compound with a minimum ad valorem of 471 per cent. The duty actually collected ranged from a maximum of 71.18 per cent to a minimum of 50.38 per cent. Under the Underwood tariff, from 1914 to date, the duty was 40 per cent ad valorem. Under the Fordney bill it is proposed that the duty shall be 33½ per cent on American values, on the theory that this is the equivalent of 50 per cent ad valorem under the old system of foreign values.

2. Although this will be an increase over the protection in the Underwood tariff, it is distinctly less than afforded the cheaper grades of pile fabrics from 1897 to 1913. We believe it will be sufficient in the cases of plushes, cordurous, and the coarser grades of cotton velvets and velveteens; but we do not think it will effectively protect the finer velvets and velveteens, particularly when advanced through or beyond the stage of manufacture known as "cutting." These finer velveteens are generally known as "twill backs," and are composed of in excess of 300 picks, or filling threads, to an inch.

3. We request, therefore, the insertion of a bracket in paragraph 909 for the purpose of giving additional protection to these "twill backs," and suggest that the said

paragraph, so amended, shall read as follows:
"Par. 909. Pile fabrics, composed wholly or in chief value of cotton, including plnsh and velvet ribbons, cut or uncut, whether or not the pile covers the whole surface, and manufactures, in any form, made or cut from cotton pile fabrics, 331 per cent ad valorem: *Provided*, That any of the foregoing containing in excess of 300 picks or filling threads to the inch, including the filling pile threads, when advanced through the stage of cutting or beyond, shall pay in addition to the foregoing rate of duty, long courts of which we have the stage of cutting or beyond, shall pay in addition to the foregoing rate of duty. duty 10 per cent ad valorem; terry-woven fabrics, composed wholly or in chief value of cotton, and manufactures, in any form, made or cut from terry-woven fabrics, 25 per cent ad valorem."

ARGUMENT.

4. The cotton textiles covered by the designation "pile fabrics" in this paragraph

of the bill are plushes, velvets and velveteens, and corduroys.

The United States Tariff Commission has prepared a general statement of the highly technical processes of this portion of the cotton industry, which is sufficiently accurate for all practical purposes. The statistical data which the commission's report contains is insufficient but unfortunately is all that is available. It relates to the group as a whole and furnishes no data from which to judge of the relative needs of the several kin is of cloth in the group. Consequently, it is impossible to draw from it any conclusion in regard to cotton velvets and velveteens as distinguished from plushes and corduroys; or in regard to "twill back" velvets and velveteens of high-pick contents as distinguished from "plain back" velveteens of lower pick contents. The same criticism is applicable to the statistics of the census; although in the 1919 figures cordurovs are separated from plushes, velvets, and velveteens, which are still grouped together. We do not see how any useful inferences can be drawn from these statistics.

5. The group as a whole shows a steady increase in domestic consumption of these

5. The group as a whole shows a steady increase in domestic consumption of these fabrics during the last 20 years; this increase has been entirely taken care of by increased domestic production. The vardage of imports tended to increase from 1898 to 1902; then to decrease from 1903 to 1910; it trippled in 1911 and remained stationary from that year through 1917: in 1918 and 1919 imports were at their lowest point, and in 1920 they started up again. The figures furnished for the calendar years 1918, 1919, and 1920 show this revival quite clearly, and are as follows:

1918 (357,693 square yards)	\$354, 358
1919 (433,335 square yards)	593, 147
1920 (1.038.664 square yards)	

The check or stoppage of imports, due to war and postwar conditions, appeared to be rapidly passing, when, with the utter stagnation of business of the present year, all demand for cotton velvets, domestic or foreign, disappeared, and imports again diminished.

6. How these tendencies apply to the several classes included in the group "pile fabrics" we can only surmise. Our own experience with corduroys extends over 20 years, 10 years with velveteens, 3 years with plush. We sold in 1920 twice the amount in linear yards of corduroys which we did in 1913 and only the same quantity of velveteens: the plush venture is too recent to figure in the comparison. Our own theory is that the chief growth in the production of pile fabrics has been in corduroys and plushes, and that in the last eight years, the production of cotton velvets and velveteens shows very slight, if any, increase. These latter are essentially a luxury for persons of moderate means, and the demand for them is largely controlled by fashion. We think velveteens represent the larger portion of the imports of pile fabrics, and that a certain quantity will always be imported no matter what the duty is, owing to the fact that quality, rather than price, controls in the case of the finer fabrics, and also owing to the prestige of foreign origin, particularly if it be English.

7. The processes to be followed in weaving, converting, and finishing these three

7. The processes to be followed in weaving, converting, and finishing these three kinds of cloth, differ greatly. Velvets and velveteens are much the most difficult to make and finish, and in their manufacture the difficulty increases with the fineness and width of the fabric. The finest "twill backs" have as many as 500 picks of filling threads to an inch; we have not made any with more than 455 or less than 33t; the "plain backs" or more ordinary grades of velveteens will have between 200 and 300. Needless to say, the difficulty of the work, the hazard of accidents and the cost increases greatly with the increased number of threads. We first made "twill backs in 1914. The demand for our product increased in 1915 and 1916; almost disappeared in 1917; revived in 1918, 1919, 1920, in which last year it equalled that for our commoner "plain backs." In 1921 owing to the large unliquidated stocks in the hands of jobbers and cutters up, demand on manufacturers for all kinds of velveteens has practically ceased. It is for these finer velveteens, which we generally designate as "twill backs," that we ask additional protection in the bracket suggested above.

8. When we come to the consideration of how much protection is needed to be effective, the question becomes very difficult. We frankly admit the additional percentage we have named, is purely empirical, and we hope it will be sufficient. For lack of better data we have pursued the following nethod in our endeavor to reach a conclusion.

9. The fundamental facts which made protection necessary in the past, we conceive to be the following:

Relative cost of buildings and machinery: The smaller the cost is, the smaller will be the capital required to be invested in plant for equal productive capacity.

Relative number of hours a plant may be operated, by custom or law: The greater the number is per 24 hours, the greater will be the output from equal productive capacity.

The relative wage scale: The lower the wage scale is, the lower will be the cost

of production of equal output from equal productive capacity.

The skill of labor: The skill of the laborer who inherits his craft is usually greater than that of an operative who must be taught his trade without any inherited aptitude for the same. This shows in the quality of the product, and in the elimination of loss from defective or bad work.

The relative restlessness of labor: Which is reflected in the labor turnover and the

consequent expense of training new men.

The relative cost of capital and of credit: Temporarily or permanently employed

in the conduct of an enterprise.

10. While there are other factors, such as taxation, propinquity to market for raw material, or for manufactured products, etc., the six just mentioned are the more obvious ones. If we are not mistaken it will be admitted, that heretofore, under normal conditions, the advantage in each of these respects, has rested with the foreign manufacturer. Such advantage has been, in no way, measurably compensated, by any advantage in cost of transportation due to proximity of raw material or of ultimate market for the manufactured product.

11. The domestic manufacturer operated under these permanent disadvantages, and to make industry possible under such circumstances protective tariffs were early devised. Tariffs, which would not only compensate for these disadvantages, but at the same time be a source of revenue to the Federal Government. A protective tariff will not only balance these irregularities and so make industry possible, but will do so with sufficient liberality to encourage industries. Other factors may temporarily intervene, such as over or under production, fluctuations in the value of international exchange, which will nullify the effectiveness of a tariff, unless it be framed with suffi-

cient liberality to be fully adequate at all times.

12. Owing to the difficulty of valuing these several disadvantages in percentage of increased or decreased cost, it is no easy matter to frame an adequate tariff, even in normal times. In normal times when production and consumption are fairly well balanced, comparative wholesale p ices, at home and abroad, have been generally thought to gauge the effect of these various factors as well as anything. Such a comparison gave some sort of a tentative basis for determining a proper rate of protection; and subsequent tariffs could modify the same, as experience, rather than logic, showed the necessity.

13. At the p esent time, as an outcome of war conditions and of an incomplete readjustment from them, comparisons between wholesale prices, foreign and domestic, in many instances offers a very dangerous guide—or rather no basis at all—for determining a rate properly protective under normal conditions. This is particularly so in

the case of cotton velvets and velveteens, and on this, we desire to lav particular stress.

The domestic market is in the following condition: (a) Large stocks with the manufacturers for which there is absolutely no demand; (b) large stocks with jobbers who are offering them below cost of replacement and without success in moving them in any volume; (c) no disposition on the part of garment makers or retailers to buy, for reasons of caution, or of credit, or for lack of demand from the ultimate public.

Meanwhile the manufacturers have taken large losses, due to the decline in the value of cotton, and the readjustment of the scale of wages. This we believe is true of the jobbers as well. These factors make for normal values at home—rather sub-

normal—owing to the present condition of overproduction.

Abroad the situation is different, there has been great reluctance on the part of textile manufacturers in England to take their losses on high-priced cotton, and their wage scales held to certain dates, which have only recently expired. Their wholesale prices still remain unduly high.

Under these circumstances, we insist it is impossible to make any reliable comparison for the purpose of determining a permanent rate of protection.

13. We are convinced that the Underwood tariff will be insufficient to protect our industry, and in the absence of any other reliable data, the obvious thing to do, would seem to be, to go back to the last protective tariffs framed in normal times; those of 1897 and 1909. With these as a starting point we should consider what, if any modifications they require, in view of changed conditions. Applying this method to our own industry, our first conclusion is, that there is nothing in the outlook to indicate that it needs less protection than it received from 1897 to 1913. If the period between these dates is considered a time of normal conditions, we must confess that during those years our business as a whole was not strikingly profitable; a slight variation in the whim of fashion or in the general prosperity of the country tended to make any profit rapidly disappear. During the war period, for various reasons—such as high earnings of wage earners, the extension of such classes to include quantities of women never so employed before, the gradual closing of European sources of supply, and others less clearly discernable—a great wave of prosperity came to the domestic pile fabric industry, resulting in unusual and large profits. This has been followed by a period of stagnation, which sooner or later will end and be followed by the old prewar struggle.

In this post-war struggle there will be some readjustments in the relations of the six groups of factors which we have previously referred to. If we are not mistaken the balance will, more than ever, incline in favor of the foreign manufacturer, and we shall need more rather than less protection than we needed between 1897 and 1913.

Respectfully submitted.

MERRIMACK MANUFACTURING Co., By WARD THORON, Treasurer.

Mr. Thoron. If there are no questions the committee would like

to ask, that will close my statement.

Senator Walsh. I have a brief on the metal schedules, which I would like to have put in the record and printed when the report is made of the hearings on the metal schedules.

Senator McCumber. That will be printed in the appendix.

Senator CALDER. There are some gentlemen here from New York representing the glove industry. Will you hear them now?

Senator Watson. Let us hear them to-morrow.

Senator McCumber. If they can wait a little, Senator, we had better have them to-morrow.

Mr. Conway desires to speak to-night, I understand, for about 5 or 10 minutes, because he wants to go away, and if that is the case we will hear him now.

Mr. Conway. I can not get through in five minutes.

Senator McCumber. Then, very well, we will hear you in the morning. The next witness, then, is Mr. Kershaw. Mr. Kershaw, the committee will be pleased to hear from you now.

STATEMENT OF MR. NELSON KERSHAW, REPRESENTING TERRY MANUFACTURERS' ASSOCIATION, CLIFTON HEIGHTS. PA.

Senator McCumber. What paragraph are you speaking on?

Mr. Kershaw. On 909. "We respectfully represent that we are engaged in the manufacture of terry pile fabrics and that our mills are located at various points throughout the United States; that our products are in competition with pile fabrics produced in foreign countries imported into the United States, and that, therefore, the proposed tariff bill is a matter of vital concern to our interests, in view of which it is respectfully urged that your honorable committee gives serious consideration to the following facts in arriving at a proper tariff rate on so-called terry pile fabrics imported into the United States:

First. Fabrics and articles made of terry pile weave—not woven over wires—differ in weaving, handling, and treatment from any and every other class of textiles. The making of terry pile fabrics other than over wires is not strictly a mechanical process; in the sense that in order to produce a pile of uniform depth without the aid of wires, much skill and attention is required from the weaver, with frequent adjustment to the machinery. This labor is entirely trained, in very limited supply, and commands high wages.

Second. The Governments of Central Europe, with the purpose of reestablishing their interrupted industries, are appealing to their labor for an extreme minimum wage and a 12-hour day, and we are reliably informed that, when in a position to procure raw material, their factories and mills will begin operations on the above basis.

It must be clear, therefore, to your honorable committee, that the terry pile fabric industry of this country could not continue to pay the high rate of wages commanded by the terry weavers of America on a 48-hour week basis, sufficient to maintain the workman's standard of living, and continue to operate against the competition of foreign goods, manufactured under a low wage and long working day; therefore, we respectfully petition your honorable committee, first, to establish for the terry pile fabric manufacturers a special classification, to wit, uncut pile fabrics, including Turkish towels, Turkish bath mats, Turkish wash cloths, Turkish toweling, Turkish robing, Turkish bath sheets, fabrics, and all other articles made of terry weave, not woven over wires; second, to establish minimum tariff of 45 per cent on terry pile fabrics and articles made of terry weave, this being the rate of duty prior to 1913, before the Underwood tariff bill was passed.

Mr. Kershaw. The rate of duty under the Payne-Aldrich tariff bill was 45 per cent. The Underwood tariff bill put the rate of duty

on our goods to 25 per cent.

We appeared before the Ways and Means Committee when they were preparing the bill, 7456, and petitioned them to give us a special classification, separating our goods from the goods they were formerly classed with in the Underwood bill and to put them into the pile-fabric class, which they have done. But they have only given us in that bill a rate of duty of 5 per cent. We consider that too low, and we petition your body to give us at least 33½ per cent under the American-valuation plan. If the American-valuation plan is not carried out, we should ask you to give us a rate of duty of 45.5 per cent to cover our class of goods, so that we can maintain our business without any backward step.

This business is not a large industry. There are but 6,000 looms

altogether in the United States.

Senator La Follette. How many men are employed to operate them?

Mr. Kershaw. When we will operate four looms.

Mr. LA FOLLETTE. Is the weaver man a boy, woman, or girl?

Mr. Kershaw. Some are men, and some are women.

Senator La Follette. Are there some girls and some boys?

Mr. Kershaw. There are no girls and boys; they are grown-up people.

Senator Smoot. What kind of looms are you using?
Mr. Kershaw. We use a loom made in Philadelphia. In our particular establishment we use looms made in the East. There are various kinds of looms used. Our looms are all jacquard work, and we make what is known as high-grade Turkish towels, bath mats, etc.

The reason for asking that is this: The rate of wages that I procured from the statistics furnished by the experts of the Ways and Means Committee are as follows: Wages in Belgium, weavers, is \$7.76 per week; in England it averages \$12.39; in France it averages \$10.20; in Italy it averages \$6.13, and in Japan it averages \$3.

The average rate of pay that weavers make in our industry runs about \$36. So you can see the leeway they have in putting a foreign valuation on the goods that they bring here from those countries and the extreme low cost of operation which they have to pay in manufacturing their goods as compared with us. That is the reason we are asking you to put our rate of duty at 45 cents if the American valuation clause is eliminated. We are satisfied with 33½ per cent if the American valuation clause is incorporated in the bill.

Senator McCumber. I do not think we will take any further testimony this evening. The committee will meet to-morrow morning

at 10.30.

(Thereupon, at 5 o'clock p. m., the committee stood adjourned to meet to-morrow, Friday, December 9, 1921, at 10.30 o'clock a. m.).

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